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INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS AT 30 JUNE 2023

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Vision

We are working to strengthen our circular, ethical and innovative business model and to extend our sales network throughout the country. We want to ensure the accessibility of quality products to the greatest number of customers and enhance the potential of our partners within a framework of sustainable development.
Creating development opportunities is our vision, but above all our passion.

Our values

INTEGRITY

We always keep our promises and commitments. Our work is characterised by responsibility, ethics, fairness and inclusion. Our operations comply with applicable regulations and the highest standards of sustainability.

INNOVATION

We develop a circular and highly innovative business model. Our Divisions are vertically integrated for efficient use of resources and to create shared value in an alternative and sustainable way.

PASSION

we have a strong passion for our work. Thanks to the enthusiasm, curiosity and dedication of each of us, we are able to find the best solutions and create added value in all our operations.

OPPORTUNITIES

We see every challenge as an opportunity. Our ambition is always to offer our customers and partners the opportunity to access the goods, services and resources they need for their well-being and growth in a spirit of joint development.

SOCIAL OFFICES AND GENERAL INFORMATION

Board of Directors

Pietro Peligra	*President*
Simone Prete	*Managing Director*
Mirco Di *Giuseppe*	*Councillor*
Roberto Bacchi	*Director*
Ciro Esposito	*Independent councillor*

Board of Auditors

Vincenzo Rappoli	*President*
Franco Federici	*Effective*
Gianluca Pellegrino	*Effective*
Luigi Troiani	*Alternate*
Massimo Anticoli	*Alternate*

Auditing Company

Audirevi S.p.A.

Euronext Growth Advisor

Integrae Sim S.p.A.

Company Name and Registered Office

Portobello S.p.A.
Piazzale della Stazione Snc 00071 Pomezia (RM)
Tax code and VAT number 13972731007
Registered in the Company Register of Rome under no. 13972731007
Nominal capital EUR 674,450.40, paid in full

The Board of Directors and the Board of Statutory Auditors were appointed on 19 April 2021 and will remain in office for three successive financial years, i.e. until the date of approval of the financial statements as of the 31st of December 2023.
The auditing company was appointed on the 19th of April 2021 and will remain in office until the date of approval of the financial statements as of the 31st of December 2023.

Consolidated Half-Yearly Financial Report as of the 30th of June 2023

FOREWORD

This Management Report to the Interim Consolidated Financial Statements of Portobello S.p.A. as of the 30th of June 2023 (the 'Report') has been prepared in accordance with Article 2428 of the Italian Civil Code, as well as in accordance with the Italian Accounting Principles formulated by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili and the Organismo Italiano di Contabilità (OIC). This Report, drafted with values expressed in units of EUR, is presented attached to the Interim Consolidated Financial Statements in order to provide the Company's income, equity, financial and management information combined, where possible, with historical elements and prospective evaluations.

THE PORTOBELLO GROUP

The company was founded at the end of 2016 following many months of analysis by the founding partners regarding the evolution of the competitive scenario of the retail market, the needs and buying habits of modern consumers, and the opportunities related to the management of media space aimed at barter operations.

Portobello's business is structured in highly integrated Strategic Business Units ('SBUs') to achieve maximum margins. This integration allows, in addition to an efficient and fast administration of the structure, stable scalability of the business model, very high customer growth rates and customer appreciation, and margins on a par with the strongest competitors in the industry.

The marketplace, ePRICE, is also part of the Portobello Group and is one of Italy's leading online shops, specialising in the sale of high-tech products (electronics) and a leader in the large household appliance segment.

THE BUSINESS MODEL

Portobello has created a business model that has been scientifically designed to capture product acquisition opportunities at highly competitive prices and provide, through an appealing and efficient format, the possibility for consumers to buy these products at lower prices than many other players in the market.

The circularity of the business starts with the media activity, mainly aimed at engaging potential customers in commercial barter advertising relationships or the direct sale of advertising. Portobello has an advertising space at its disposal, either proprietary or under exclusive management (such as magazines, video walls, etc.) or owned by third parties (such as outdoor, digital totems, etc.). From the sale or barter business, the company obtains cash or other advertising space or physical products. The second step of the model is the resale of physical products acquired in exchange for goods or purchased directly from suppliers. These products are destined for the Company's B2C channels: the Portobello brand shops and marketplaces. Due to size or type, anything that cannot be sold in these channels is sold to other resellers in the B2B channel.

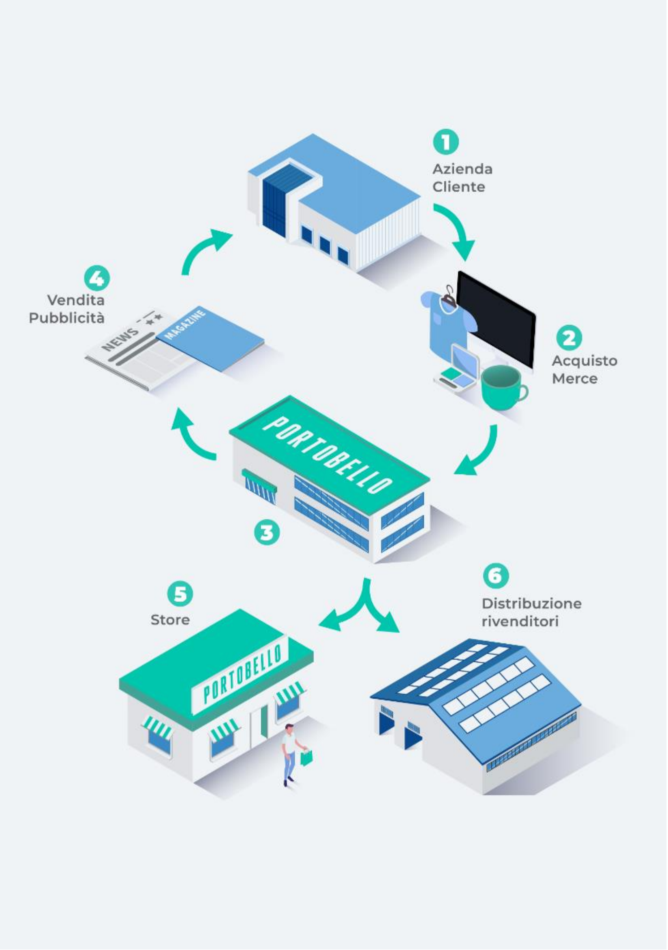

Figure 1 - The innovative, circular business model involves the sale of media space to customer-advertisers either directly or in barter: the resulting products are sold at competitive prices through the Portobello chain of shops, while the remainder.

The Company, in order to develop its Business, has established the Strategic Business Units listed below:

- **Retail**: the retail formula includes shops with high product rotation and resale on major marketplaces
- **Media & Advertising**: this area includes the purchase and resale of classic third-party advertising space in high-traffic areas, the development of managed media and the circulation of entertainment magazines. The spaces are sold or used in barter activities to acquire products for resale through SBU Retail. Furthermore, in 2018, Portobello became a publisher by launching several magazines on the market, ranging from gossip and cooking to family, women's fashion and news. The activity is carried out by distributing the magazines nationwide, thus embracing the audience of the average Italian reader. The editorial contents, as well as printing and distribution, are totally outsourced, and this allows for excellent management control in terms of costs and to compensate for any seasonal obstacles in sales. The periodicals, in terms of content and user audience, are also perfectly in line with the potential advertisers of SBU Media, thus acting as an accelerator for the latter division as well, which handles the sale of advertising space.
- **B2B**: in order to ensure the best turnover of goods, part of the inventories are sold through B2B channels. This activity makes it possible to improve the marginality of products sold in other channels, to improve the cash cycle and to enter into agreements with international players.

Portobello's business model is circular, efficient, and scalable, thanks to the close correlation and vertical integration of the three SBUs. The benefits of such circularity are manifold:

- **Optimisation of resources and asset utilisation**. The Company, through its circular business model, can create a strong synergy between the different SBUs and make full use of all available resources that, individually, would certainly generate lower yields and greater risk. In addition, the integrated management model makes the Company's value proposition more attractive to corporate clients, as Portobello can guarantee a wide average offer and a very delimited channel for the disposal of unsold stocks.
- **Strategy and competitive positioning.** Portobello has outlined a strategy through which it holds a position in the market with clear competitive advantages. The business model, in fact, allows the company to grow quickly in very difficult industries with great pressure on prices and margins, achieving efficiency of scale and brand recognition among consumers. In the media industry, for example, faced with a stable or slightly declining market on some channels, Portobello can grow by acquiring high-margin advertising assets to a greater extent than other operators in the sector. These assets, thanks to the Company's strategy, can be valorised and generate significant economic benefits. For this reason, the circular and vertically integrated business model allows Portobello to set itself against the progressive decline of many competitors. This is also true in retail, where the management's expertise in this sector has enabled the company to create a format with great appeal for the consumer, structured in an efficient and scalable manner.
- **Scalability (media, retail)**. The strategy and management model adopted has, as a direct consequence, a strong appeal to consumers seeking better value for money. This generates growth in sales, volumes, and points of sale, and, at the same time, an increase in an already good marginality, which, thanks to economies of scale, improves further. The strong pressure on prices caused by the emergence of the online sales channel has reduced the margins of many players and is putting out of business all those operators that do not achieve large-scale efficiencies. This could represent an opportunity for Portobello, which, having an alternative business model, will be able to grow even more the greater the price pressures are and, consequently, the difficulties of its competitors.

RELEVANT EVENTS

UKRAINIAN CRISIS AND SOCIO-ECONOMIC CONSEQUENCES

Global geopolitical tensions, mainly caused by the Russian-Ukrainian conflict that erupted in February 2022, have exacerbated some of the critical issues that originated from the Covid-19 health crisis and led to an increase in the cost of energy and consequently inflation, which has had an impact on consumption. The post-pandemic reopening saw demand grow too fast compared to the circulating supply; this was compounded by the disruption of the industrial supply chain globally and the continuous rise in commodity prices, including gas, electricity, and oil. The new macroeconomic scenario prompted central banks to implement restrictive monetary policies by raising interest rates to reduce the circulation of money and, thus, inflation, which significantly reduced consumers' purchasing power. As a result of these measures, in the first half of 2023, Europe experienced inflation that, while remaining high and uneven across member states, was on a downward trend. In Italy, this was driven primarily by lower prices for unregulated energy goods but also for processed food, transport-related services, the so-called 'shopping trolley' and other goods and services. However, the rise in interest rates increased the cost of money considerably, thereby limiting private and industrial investment.

RETAIL

The permanent observatory on consumption trends in the catering, clothing-accessories and other retail sectors, Confimprese-Jakala, records for June 2023 a modest growth in the total market at +2.1% vs June 2022. The figure does not even cover the inflationary effect, which, in any case, started to fall in June to +6.4% year-on-year, according to the latest ISTAT figures. Despite the fact that inflation has begun to show the first signs of slowing down, what is worrying is the data coming both from China, with GDP growing by only 0.8% between April and June, and from Central and Eastern Europe, which has inflation at 13%. These phenomena, combined with lower consumer purchasing power, still show a general resistance to cooling consumer prices. In the goods sectors, restaurants maintained good levels and posted +5%, while clothing-accessories, which in May had recorded a thud at -16.2%, returned to positive at +1.7%, albeit a few percentages above zero. The negative performance of other retail continued at -2.8%. In the sales channels, shopping centres, outlets and high street aligned with the general market trend at around +2%. Thanks to the influx of incoming foreigners, especially the top American spenders in Italian cities of art, travel recorded an increase of over +20%. The excellent performance of the channel contributes to raising the average receipt, especially in the restaurant and related sectors. The data recorded in the comparison between the first half of 2023 vs the same period of 2022 is encouraging and shows significant growth in the total market of +9.7%. This means that consumption has almost recovered to pre-pandemic levels (-3.8% vs. 19%) but only in value and not in volume due to inflation.

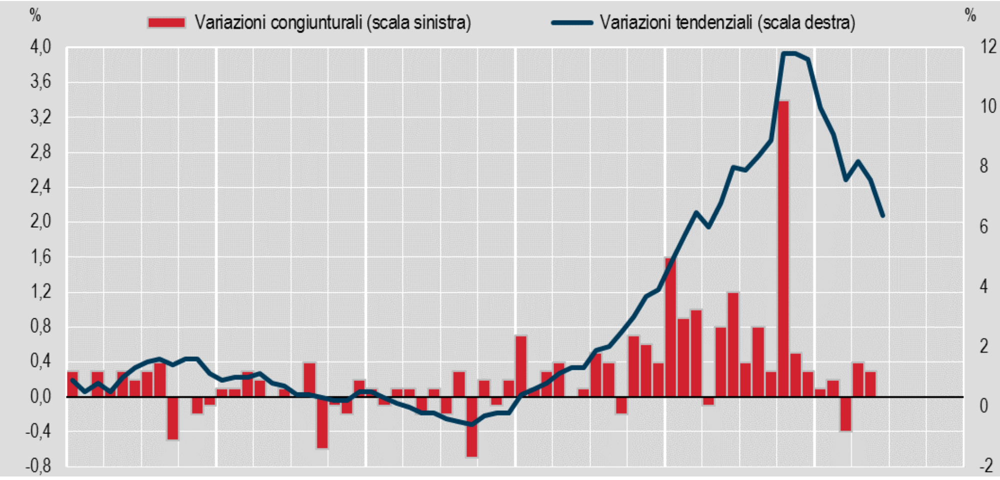

Figure 2- NIC CONSUMER PRICE INDICES
January 2018 - June 2023, economic and trend percentage changes (base 2015=100)
Source: ISTAT Report (17 July 2023)

In the product sectors, the restaurant sector showed the most significant growth at +15.1%, clothing-accessories also did well at +8%, while other retailers showed much more moderate trends at +2.8%, despite the good performance of service activities.

The B2C (Retail) SBU recorded excellent results with a revenue of EUR 23.7 million as of the 30th of June 2023.

During the first half of 2023, four new Portobello shops were opened, namely:

- **S.C. Curno - Curno (BG)**. The shopping centre is a local reference point for shopping and leisure. It has plenty of parking spaces, relaxation and refreshment areas, children's play areas, a pet-friendly area, a cinema and many other facilities. The shop within the 'Curno' shopping centre is approximately 550 square metres and employs 11 specially recruited and trained staff.

- **S.C. To Dream - Turin**. With more than 100 shops and restaurants, To Dream is the largest Urban District in Piedmont, with a total area of 270,000 square metres, including an open mall and parking area, in a strategic location with an unprecedented concept of integration between shopping, leisure, services, offices and reception. The shop within the Urban District 'To Dream' is approximately 1,000 square metres in size and employs 12 specially recruited and trained staff.

- **S.C. Katanè - Gravina di Catania (CT)**. The shopping centre, located north of Catania, between the gulf and Mount Etna, is a local reference point for shopping and leisure, with 70 shops and a hypermarket, relaxation and refreshment areas, children's play areas, an optician, a hairdressers, and many other services. The shop in the 'Katanè' shopping centre is approximately 1,200 square metres and employs 13 specially recruited and trained staff.

- **S.C. Il Castello - Ferrara**. The shopping centre, with more than 2000 parking spaces, 88 shops, 12 food outlets including bars and restaurants, a 500 square metre children's play area, a pharmacy, a bank and many other services, represents a local reference point for shopping and leisure time. The shop inside the shopping centre 'Il Castello' is almost 1,000 square metres and employs 10 specially recruited and trained staff.

PORTOBELLO BRAND OUTLETS OPERATING AS OF THE 30TH OF JUNE 2023

CITY	HEADQUARTERS
OUTLETS OPERATED BY PORTOBELLO SPA	
MILAN	Via Torino
MILAN	Corso Buenos Aires
MILAN	Corso Genova
ROME (Capena)	Via Tiberina km 1700
ROME	Via Tiburtina 541
ROME	Via dei Castani 171-175
ROME	Piazza Santa Maria Maggiore 9-10
ROME	Via Francesco Grimaldi 76/78
ROME (Ostia)	Via delle Gondole 20
ROME	Viale Libia 204
ROME	Via Tuscolana 1048/1058
ROME	Via dei Colli Portuensi 453/455
FROSINONE	Viale Europa snc
OUTLETS OPERATED BY SUBSIDIARY PB RETAIL SRL	
TURIN	S.C. Porte di Torino
FANO (PU)	S.C. Fanocenter
CATANIA	S.C. Porte di Catania
OLBIA	S.C. Olbia Mare
ROME	S.C. Romaest
ROME	S.C. La Romanina
ANCONA	S.C. Grotte Center
FORLI'	S.C. Punta di Ferro
BOLOGNA	S.C. Centroborgo
RIMINI	S.C. I Malatesta
PORTOGRUARO (VE)	S.C. Adriatico 2
CARPI (MO)	S.C. Il Borgogioioso
TORREANO DI MARTIGNACCO (UD)	S.C. Città Fiera
SAN BENEDETTO DEL TRONTO (AP)	S.C. Porto Grande
CATANIA	S.C. Etnapolis
RAVENNA	S.C. ESP
BARI	S.C. Mongolfiera Japigia
SARZANA (SP)	S.C. Centro Luna
CURNO (BG)	S.C. Curno
TURIN	S.C. To Dream
GRAVINA DI CATANIA (CT)	S.C. Katanè
FERRARA	S.C. Il Castello


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KitchenAid
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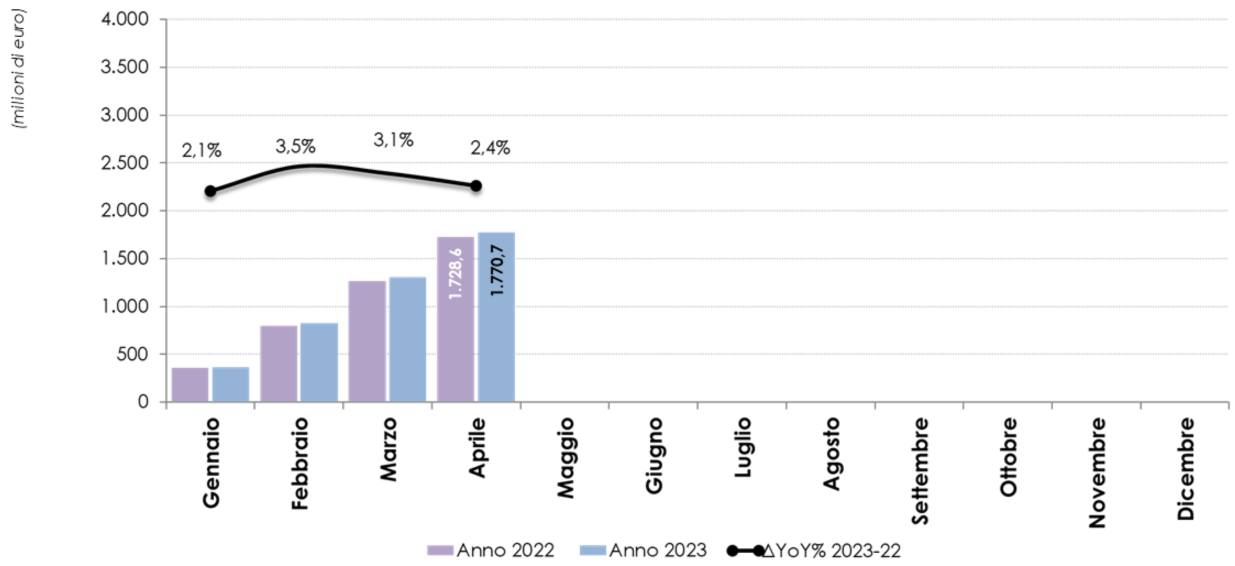
MEDIA AND PUBLISHING

Based on Nielsen data reported by Confindustria Radio Televisioni (CRTV), the advertising investment market in Italy in the first four months of 2023 recorded a total value of just under EUR 1.8 billion, an increase (+2.4%) compared to the values for the same period last year ('traditional perimeter').



Perimetro tradizionale

Figure 3 - Advertising investments Italy: TOTAL MEDIA, traditional perimeter (comparison YoY 2023-22)
Source: Confindustria Radio Televisioni (CRTV) elaborations on Nielsen data
Note: The 'traditional' perimeter monitored by Nielsen does not include the Search, Social and Classified components of the Internet and the so-called Over The Top

In the single month of April, the figure stood at EUR 465 million, an increase of 0.5% compared to the values for the same month in 2022. In terms of the 'extended perimeter' (including the Search, Social and Classified components of the Internet and the so-called Over The Top), the market value stands at over EUR 2.8 billion (+2.5% compared to 2022), with a difference from the 'traditional' market of over EUR 1 billion. In the period under consideration, the 'extended' advertising market is below the pre-COVID level (2019) by approximately EUR 30 million (-200 million for the traditional perimeter).

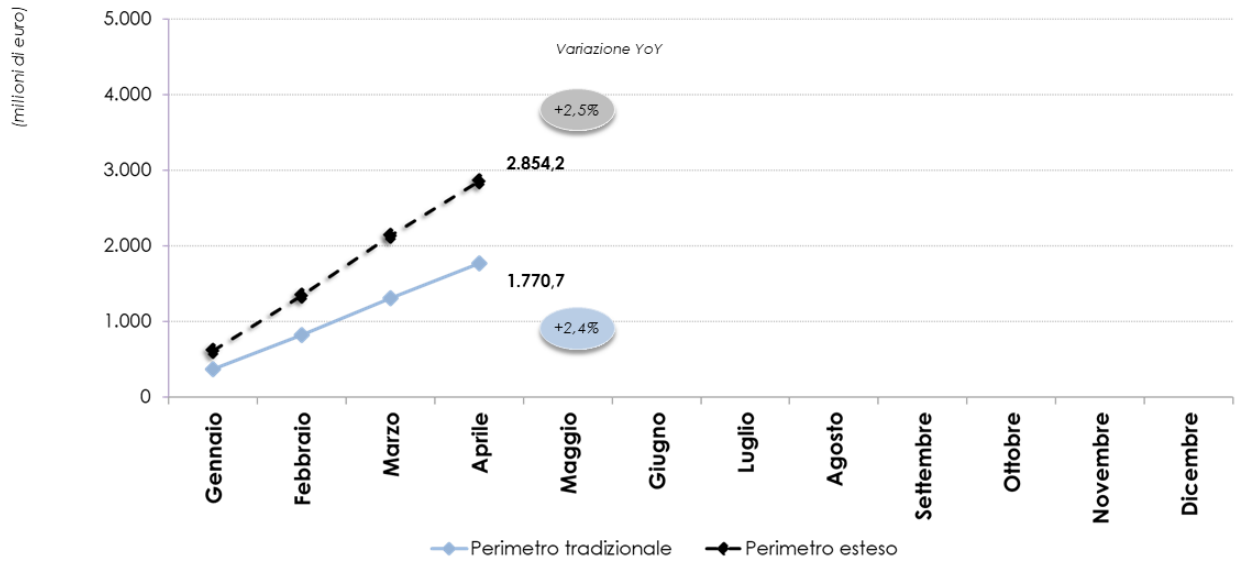


Figure 3 - Advertising investments Italy: TOTAL MEANS, perimeters compared (traditional vs. extended perimeter)
Source: Confindustria Radio Televisioni (CRTV) elaborations on Nielsen data
Note: The 'extended' perimeter monitored by Nielsen includes the Search, Social and Classified components of the Internet and the so-called Over The Top.

Portobello's SBU Media reported excellent results, with revenues of EUR 27.95 million as of the 30th of June 2023.

B2B

Lastly, the revenues of Portobello's B2B SBU as of the 30th of June 2023 amounted to EUR 13.16 million, up 34.6% compared to H1 2021. The Company considers this activity to be useful for monetising those products that are not in line with the Portobello shops or related to purchases that have too high a volume compared to the shops currently open and, therefore, is not a priority channel in its development strategies.

FINANCING

In February, the company signed a financing agreement for a total of EUR 2 million with Banca Agricola Popolare di Ragusa. The operation is aimed at supporting Portobello's multi-year investment plan in the physical and online retail sector. The variable-rate loan totals EUR 2 million, with a term of 24 months and a repayment plan monthly. The financing agreement contains provisions that are usual for contracts of this kind, including the possibility of voluntary early repayment of the amounts financed, subject to payment of an indemnity.

In the second half of April, the Company signed a financing agreement for a total of EUR 4.4 million with Banca Progetto S.p.A. The transaction is aimed at supporting Portobello's multi-year investment plan in the physical and online retail sector. The loan, which bears a variable interest rate and is covered by a SACE "SupportItalia" guarantee, is for a total of EUR 4.4 million, with a term of 8 years for EUR 1.4 million and a term of 4 years for EUR 3.0 million with a repayment plan on a quarterly basis in arrears, after an initial pre-amortisation period of 3 months. The loan agreement contains provisions that are customary for contracts of this kind, including the possibility of voluntary early repayment of the financed sums, subject to payment of a penalty, provisions related to mandatory early repayment events (including the maintenance of the SACE guarantee and hypotheses of change of control with respect to the current share capital structure), declarations, and obligations to do and not to do, events of revocation, consents, and materiality thresholds in line with the practice for transactions of this kind.

SPONSORSHIPS

Since its foundation, Portobello has been supporting and endorsing sports, which represent an important tool for socialising and promoting fundamental values such as team spirit, respect, loyalty and inclusion. The Company has signed several top-level sponsorship agreements in the sports sector, which are part of its communication and marketing strategy, aimed at representing the Company's Italian identity and its roots in the territory and thus supporting both local populations and activities, as well as national excellence. This strategy, together with the numerous openings of sales outlets and a massive media campaign through high-profile 'influencers' and 'brand ambassadors', has helped to strengthen brand awareness throughout the country.

- **Roma Volley Club (women)**: Portobello is the Official Sponsor for the 2022-23 season. Through the Portobello logo affixed on the jersey of the "libero" player and on the shorts of all the players, on the LEDs positioned on the sidelines, on the official website and various activities on the team's social networks, the club further strengthens its brand awareness, especially in the Lazio region, where it is based.
- **Italian Rugby Federation (F.I.R.)**: Portobello has been reconfirmed as the Official Top Sponsor for the 2022-23 season. The agreement with the F.I.R. allows Portobello to benefit from great visibility at national level through various initiatives at all home matches of the "Guinness Six Nations Championship" and "Autumn International Series" tournaments.
- **Fabio Di Giannantonio** (**MotoGP rider):** Portobello has reconfirmed its sponsorship with Italian motorcycling talent Fabio Di Giannantonio for the 2022 and 2023 seasons. Thanks to the agreement signed in October 2021 and renewed in 2022, the company will benefit from international visibility through the affixing of the logo on the right and left sleeve of the suit used by the rider during all free practice/official tests and races.

ENVIRONMENTAL SUSTAINABILITY AND SOCIAL RESPONSIBILITY

Portobello firmly believes that a responsible approach to business is a decisive factor in establishing a fair, ethical and lasting relationship with all stakeholders. To this end, in October 2020, the Company adopted an Organisation, Management and Control Model prepared pursuant to Legislative Decree No. 231/2001. In addition, it has a Code of Ethics that requires employees, consultants, suppliers and third parties in general to operate in compliance with applicable laws, professional ethics, and corporate values.

At Portobello, social responsibility and environmental and economic sustainability are an integral part of the strategy and business and, therefore, inherent in the decision-making and operational processes.

- **Forever Zero CO2 project: zero-impact shops.** In January, Portobello strengthened its environmental sustainability partnership with Forever Bamboo through the Forever Zero CO2 carbon offset programme. Thanks to this ambitious project, the company had zeroed the carbon footprint of all shops by 2022 by absorbing an additional 600 tonnes of CO2 per year, thus becoming a zero-impact shop chain. Thanks to the first partnership agreement with Forever Bamboo, all shops opened by the foundation until the end of 2021 were offset by planting 23,000 square metres of bamboo forest in Civitella Paganico (GR). This year, the Company will have an additional 23,700 square metres, of which 16,600 square metres are in Civitella Paganico and 7,100 square metres in Portomaggiore (FE), to offset a total of 1,200 tonnes of CO2 per year, corresponding to 24,000 tonnes of CO2 by 2043.
- **Fundraising for Telethon Foundation.** Following the success of the fundraiser launched in 2022, as part of the ongoing partnership with Fondazione Telethon, in March 2023, Portobello activated a new annual fundraiser in all the chain's stores to finance the "Diseases Without Diagnosis" programme. Customers who choose to support the Foundation by donating 1 euro will receive a special thank-you card.
- **Acea Run4Rome relay race.** Portobello participated, alongside its partner Fondazione Telethon, in the non-competitive relay race 'Acea Run4Rome' held on the 19th of March in Rome. In relation to the marathon, Portobello opened a company page on the 'Rete del Dono' platform with the aim of activating a fundraiser open to all employees.

MANAGEMENT EVOLUTION

Expansionary monetary policies and the rapid post-pandemic economic recovery are among the factors that have driven up prices and, thus, inflation. Global supply chains have not yet been able to return to an optimal production regime capable of satisfying ever-increasing demand; in addition, the Russian-Ukrainian conflict has led to higher energy and raw material costs, further exacerbating supply chain dilemmas. By raising interest rates, the European Central Bank has succeeded in curbing inflation, which, while remaining high and uneven, is beginning to show a clear downward curve. However, the rise in the cost of money has discouraged private and industrial sector investment.

During these volatile times, consumers become more cautious and price-sensitive; therefore, Portobello's value proposition, based on an offer that manages to sustainably combine the best value for money on the market with an excellent shopping experience, becomes more successful, as already proven in the pandemic period.

Furthermore, in July 2022, the Company acquired the ePRICE marketplace, one of Italy's leading online shops specialising in the sale of high-tech products and a leader in the large household appliance segment, thus expanding its product range and developing economies of scale on both logistics, communication and marketing costs and margins, while managing to obtain more favourable terms from suppliers, with a competitive B2B offer for SMEs as well. Thanks to this strategic acquisition, the Portobello Group has become a top-level omnichannel player in the domestic market.

From a careful analysis of the current situation and the medium- to long-term outlook, it is reasonable to assume that the Company will continue to constitute a sustainable economic complex intended to produce income over a period of several years.

As confirmation, the Portobello Group continues the development of its shop chain, which reached a total area of around 28,500 square metres in June 2023.

BUSINESS CONTINUITY

During the first half of the year, the parent company posted losses of EUR 10,576,001 and a debt of EUR 49,285,879. This circumstance stemmed mainly from the agreement it signed with the Inland Revenue Office to settle out-of-court the VAT and direct tax disputes for the tax periods from 2017 to 2020, as highlighted by the Directors in the section on "significant events after year-end". The agreement provided for the payment of EUR 6.8 million in VAT as well as EUR 3.6 million for residual taxes, penalties and interest. By the 31st of August 2023, the Company had already paid EUR 5.5 million, and the remaining part, amounting to EUR 4.9 million, is to be paid in two equal instalments on the 31st of December 2023 and the 31st of March 2024. Considering the significant losses for the period, the Company's Board of Directors deemed it appropriate to prepare the interim financial statements as of the 30th of June 2023 on a going-concern basis, based on a 24-month Cash Plan that envisages a series of actions to overcome the temporary financial tension by obtaining new financing. In addition, if necessary, the shareholder Expandi Srl has expressed its willingness to support, within the limits of its shareholding, the Company in order to ensure economic and financial equilibrium.
The same directors, in order to safeguard the viability of the cash plan, have also identified certain assets, which, in the event that the aforementioned plan is only partially realised, could be liquidated, thus allowing the company to continue to meet its short-term cash needs.

ECONOMIC/FINANCIAL PERFORMANCE

ECONOMIC MANAGEMENT DATA

Below are the Group's key management figures as of the 30th of June 2023, prepared in accordance with national accounting standards, and a comparison with the corresponding figures as of the 30th of June 2022.

Consolidated profit and loss account *(figures in EUR)*	**30/06/2023**	**30/06/2022**	**Absolute Variation**	**Change %**
Revenues from sales and services	64,822,090	48,820,315	16,001,775	32.78%
Other revenues and income	174,698	185,703	(11,005)	-5.93%
Value of production	**64,996,788**	**49,006,018**	**15,990,770**	**32.63%**
Raw materials, consumables and goods	45,037,013	40,616,318	4,420,695	10.88%
Change in inventories of raw and consumable materials and goods	1,005,970	(10,681,756)	11,687,726	-109.42%
Cost of sales	**46,042,984**	**29,934,562**	**16,108,422**	**53.81%**
Gross Margin	**18,953,805**	**19,071,456**	**(117,651)**	**-0.62%**
%	**29.2%**	**38.9%**	**-9.76%**	**-25.07%**
Staff	**6,340,459**	**5,042,784**	**1,297,675**	**25.73%**
Use of third-party assets	**4,528,817**	**3,287,977**	**1,240,840**	**37.74%**
Services	**4,087,101**	**3,680,289**	**406,812**	**11.05%**
Sundry operating expenses	**8,626,814**	**630,027**	**7,996,787**	**1269.28%**
EBITDA[1]	**(4,629,386)**	**6,430,379**	**-11,059,765**	**-171.99%**
%	**-7.1%**	**13.1%**	**-20.24%**	**-154.28%**
Amortisation, Provisions and Write-downs	**2,990,917**	**1,757,169**	**1,233,748**	**70.21%**
EBIT[2]	**(7,620,303)**	**4,673,210**	**-12,293,513**	**-263.06%**
%	**-11.7%**	**9.5%**	**-21.26%**	**-222.95%**
Other financial income	182,196	12	182,184	1518200.00%
Interest and other financial charges	(713,216)	(265,720)	(447,496)	168.41%
Value Adjustments on Financial Assets	(43,827)	(100,000)	56,173	-56.17%
Financial Management	**(574,847)**	**(365,708)**	**(209,139)**	**57.19%**
EBT	**(8,195,150)**	**4,307,502**	**(12,502,652)**	**-290.25%**
Current, Deferred and Prepaid Income Taxes for the Year	**3,673,483**	**1,559,969**	**2,113,514**	**135.48%**
PROFIT (LOSS) FOR THE PERIOD	**(11,868,633)**	**2,747,533**	**(14,616,166)**	**-531.97%**
%	**-18.3%**	**5.6%**	**-23.87%**	**-425.70%**

(1) EBITDA indicates the result before financial and extraordinary management, taxes, depreciation and amortisation of fixed assets, provisions and impairment of receivables. EBITDA, thus defined, is the indicator used by the directors of

Portobello S.p.A. to monitor and evaluate the operating performance of the company. Since EBITDA is not identified as an accounting measure within the accounting standards, it must not be considered as an alternative measure for the assessment of the operating performance of Portobello S.p.A. Since the composition of EBITDA is not regulated by the relevant accounting standards, the calculation criterion applied by Portobello S.p.A. may not be homogeneous with that adopted by other entities and/or groups and may therefore not be comparable. As of the 30th of June 2023, it was negative in the amount of EUR 4,629.386.

(2) EBIT indicates the result before financial expenses and taxes for the year. EBIT, therefore, represents the operating result before the remuneration of both debt and equity capital. EBIT, thus defined, represents the indicator used by the company's directors to monitor and evaluate the company's operating performance. Since EBIT is not identified as an accounting measure within the scope of national accounting standards and its composition is not regulated by the reference accounting standards, the calculation criteria applied by the Company may not be homogeneous with that adopted by other entities and, therefore, may not be comparable with them. As of the 30th of June 2023, the same was negative in the amount of EUR 7,620,303.

The value of production as of the 30th of June 2023 amounted to EUR 64,996,788. The table below shows the value of production broken down by business area:

Activity Category	30/06/2023	30/06/2022	Absolute change	Change %
Media	27,952,548	24,568,549	3,383,999	13.77%
Retail (or B2C)	13,155,320	9,771,174	3,384,146	34.63%
B2B	23,714,222	14,480,592	9,233,630	63.77%
Other income	174,698	185,703	(11,005)	-5.93%
Value of production	**64,996,788**	**49,006,018**	**15,990,770**	**32.63%**

	30/06/2023	30/06/2022	Absolute change	Change %
Value of production	64,996,788	49,006,018	15,990,770	32.63%
EBITDA	(4,629,386)	6,430,379	(11,059,765)	-171.99%
EBIT	(7,620,303)	4,673,210	(12,293,513)	-263.06%

The Consolidated Net Profit for the year ended on the 30th of June 2023 was EUR (11,868,633) and was composed as follows:

- Group share of profit EUR (10,576,001)
- Third-party share of profit EUR (1,292,632)

The results for the financial year ended on the 30th of June 2023 were affected by two extraordinary and non-recurring items totalling EUR 12,589,139, as follows:

- EUR 10,408,549 referring to an agreement in adhesion with the Inland Revenue Agency aimed at settling out-of-court the disputes formulated on VAT and direct taxes in relation to the tax periods from 2017 to 2020.
- EUR 2,180,590 related to media space that the Company should have received from a supplier in liquidation on contracts expiring on the 31st of December 2023. However, for reasons of prudence, the Company deemed it appropriate to expense the relative item even though it was unable to take advantage of the relative advertising services.

In order to normalise the result for the year and make it comparable with that of the previous year, it was deemed appropriate to prepare adjusted Profit and Loss Account and Balance Sheet schedules stripped of the aforementioned extraordinary component. The two adjusted reclassification schedules are shown below.

Consolidated Profit and Loss Account ADJUSTED	30/06/2023	30/06/2022	Absolute Variation	Change %
Revenues from sales and services	64,822,090	48,820,315	16,001,775	32.78%
Other revenues and income	174,698	185,703	-11,005	-5.93%
Value of production	**64,996,788**	**49,006,018**	**15,990,770**	**32.63%**
Raw materials, consumables and goods	42,856,423	40,616,318	2,240,105	5.52%
Change in inventories of raw, ancillary and consumable materials and goods	1,005,970	(10,681,756)	11,687,726	-109.42%
Cost of sales	**43,862,394**	**29,934,562**	**13,927,832**	**46.53%**
Gross Margin	**21,134,395**	**19,071,456**	**2,062,939**	**10.82%**
%	**32.5%**	**38.9%**	**-6.40%**	**-16.45%**
Staff	**6,340,459**	**5,042,784**	**1,297,675**	**25.73%**
Use of third-party assets	**4,528,817**	**3,287,977**	**1,240,840**	**37.74%**
Services	**4,087,101**	**3,680,289**	**406,812**	**11.05%**
Sundry operating expenses	**225,710**	**630,027**	**(404,317)**	**-64.17%**
EBITDA	**5,952,309**	**6,430,379**	**(478,070)**	**-7.43%**
%	**9.2%**	**13.1%**	**-3.96%**	**-30.21%**
Depreciation, Amortisation, Provisions and Write-downs	**2,990,917**	**1,757,169**	**1,233,748**	**70.21%**
EBIT	**2.961.391**	**4,673,210**	**(1,711,819)**	**-36.63%**
%	**4.6%**	**9.5%**	**-4.98%**	**-52.22%**
Other financial income	182,196	12	182,184	1518200.00%
Interest and other financial charges	(713,216)	(265,720)	(447,496)	168.41%
Value Adjustments on Financial Assets	(43,827)	(100,000)	56,173	-56.17%
Financial Management	**(574,847)**	**(365,708)**	**(209,139)**	**57.19%**
EBT	**2,386,544**	**4,307,502**	**(1,920,958)**	**-44.60%**
Current, Deferred and Prepaid Income Taxes for the Year	**2,294,487**	**1,559,969**	**734,518**	**47.09%**
PROFIT (LOSS) FOR THE PERIOD	**92,058**	**2,747,533**	**(2,655,475)**	**-96.65%**
%	**0.1%**	**5.6%**	**-5.46%**	**-97.47%**

Consolidated Balance Sheet ADJUSTED	30/06/2023	31/12/2022	Variaz. Absolute	Change %
Intangible Fixed Assets	7,496,454	6,312,335	1,184,119	18.76%
Tangible Fixed Assets	3,282,206	3,313,805	(31,599)	-0.95%
Financial Fixed Assets	4,596,398	4,575,012	21,386	0.47%
NET FIXED ASSETS	**15,375,058**	**14,201,152**	**1,173,906**	**8.27%**
Inventories	57,840,496	58,846,466	(1,005,970)	-1.71%
Provision for depreciation	(3,760,128)	(2,584,212)	(1,175,916)	45.50%
Inventories	**54,080,368**	**56,262,254**	**(2,181,886)**	**-3.88%**
Customers	7,342,908	5,943,856	1,399,052	23.54%
Suppliers	(12,321,479)	(7,756,744)	(4,564,735)	58.85%
Trade receivables and payables	**(4,978,571)**	**(1,812,888)**	**(3,165,683)**	**174.62%**
Tax receivables and payables	(14,203,535)	(9,272,939)	(4,930,596)	53.17%
Other credits	1,481,444	1,346,651	134,793	10.01%
Other debts	(2,643,793)	(2,244,339)	(399,454)	17.80%
Accrued income and prepaid expenses	48,417,155	30,164,264	18,252,891	60.51%
Accrued expenses and deferred income	(7,854,795)	(1,617,844)	(6,236,951)	385.51%
Other current assets	**25,196,475**	**18,375,793**	**6,820,682**	**37.12%**
NET WORKING CAPITAL	**74,298,272**	**72,825,159**	**1,473,113**	**2.02%**
TFR (severance)	(881,236)	(752,052)	(129,184)	17.18%
Other funds	(1,141,115)	(902,963)	(238,152)	26.37%
CONSOLIDATED LIABILITIES	**(2,022,351)**	**(1,655,015)**	**(367,336)**	**22.20%**
NET INVESTED CAPITAL	**87,650,979**	**85,371,296**	**2,279,683**	**2.67%**
Capital	(674,450)	(674,450)	(0)	0.00%
Reserves	(44,969,441)	(34,592,923)	(10,376,518)	30.00%
(Profit) loss for the period	(1,384,690)	(10,347,617)	8,962,927	-86.62%
Minority (profit) loss	1,292,632	2,688,705		
Minority shareholders' equity	3,967,908	2,675,275		
NET WORTH	**(43,060,673)**	**(42,939,715)**	**(120,958)**	**0.28%**
(Financial debts)	(514,659)	(761,315)	246,656	-32.40%
Financial receivables	215,432	259,259		
(Bank debts)	(48,771,220)	(44,773,656)	(3,997,564)	8.93%
Cash and cash equivalents	4,480,141	2,844,131	1,636,010	57.52%
PFN	**(44,590,306)**	**(42,431,581)**	**(2,158,725)**	**5.09%**
TOTAL SOURCES	**(87,650,979)**	**(85,371,296)**	**(2,279,683)**	**2.67%**

Balance Sheet - Financial Situation

The statement of financial position of Portobello S.p.A. as of the 30th of June 2023 and the comparison with the corresponding figures as of the 31st of December 2022 are shown below.

Company Balance Sheet (figures in EUR)	30/06/2023	31/12/2022	Variaz. Absolute	Change %
Intangible Fixed Assets	7,496,454	6,312,335	*1,184,119*	*18.76%*
Tangible Fixed Assets	3,282,206	3,313,805	*(31,599)*	*-0.95%*
Financial Fixed Assets	4,596,398	4,575,012	*21,386*	*0.47%*
NET FIXED ASSETS	**15,375,058**	**14,201,152**	***1,173,906***	***8.27%***
Inventories	57,840,496	58,846,466	*(1,005,970)*	*-1.71%*
Provision for depreciation	(3,760,128)	(2,584,212)	*(1,175,916)*	*45.50%*
Inventories	**54,080,368**	**56,262,254**	***(2,181,886)***	***-3.88%***
Customers	7,342,908	5,943,856	*1,399,052*	*23.54%*
Suppliers	(12,321,479)	(7,756,744)	*(4,564,735)*	*58.85%*
Trade receivables and payables	**(4,978,571)**	**(1,812,888)**	***(3,165,683)***	***174.62%***
Tax receivables and payables	(23,983,637)	(9,272,939)	*(14,710,698)*	*158.64%*
Other credits	1,481,444	1,346,651	*134,793*	*10.01%*
Other debts	(2,643,793)	(2,244,339)	*(399,454)*	*17.80%*
Accrued income and prepaid expenses	46,236,565	30,164,264	*16,072,301*	*53.28%*
Accrued expenses and deferred income	(7,854,795)	(1,617,844)	*(6,236,951)*	*385.51%*
Other current assets	**13,235,783**	**18,375,793**	***(5,140,010)***	***-27.97%***
NET WORKING CAPITAL	**62,337,580**	**72,825,159**	***(10,487,579)***	***-14.40%***
TFR (severance)	(881,236)	(752,052)	*(129,184)*	*17.18%*
Other funds	(1,141,115)	(902,963)	*(238,152)*	*26.37%*
CONSOLIDATED LIABILITIES	**(2,022,351)**	**(1,655,015)**	**(367,336)**	***22.20%***
NET INVESTED CAPITAL	**75,690,288**	**85,371,296**	***(9,681,008)***	***-11.34%***
Capital	(674,450)	(674,450)	*(0)*	*0.00%*
Reserves	(44,969,441)	(34,592,923)	*(10,376,518)*	*30.00%*
(Profit) loss for the period	10,576,001	(10,347,617)	*20,923,618*	*-202.21%*
Minority (profit) loss	1,292,632	2,688,705		
Minority shareholders' equity	3,967,908	2,675,275		
NET WORTH	**(31,099,982)**	**(42,939,715)**	***11,839,733***	***-27.57%***
(Financial debts)	(514,659)	(761,315)	*246,656*	*-32.40%*
Financial receivables	215,432	259,259	*(43,827)*	
(Bank debts)	(48,771,220)	(44,773,656)	*(3,997,564)*	*8.93%*
Cash and cash equivalents	4,480,141	2,844,131	*1,636,010*	*57.52%*
PFN	**(44,590,306)**	**(42,431,581)**	***(2,158,725)***	***5.09%***
TOTAL SOURCES	**(75,690,288)**	**(85,371,296)**	***9,681,008***	***-11.34%***

Net fixed assets as of the 30th of June 2023 amounted to EUR 15,375,058, an increase of EUR 1.2 million compared to the figure as of the 31st of December 2022. Finished goods inventories as of the closing date of the Consolidated Financial Statements amounted to EUR 57,840,496 gross of the related allowance for impairment of EUR 3,760,128.

The Group's shareholders' equity amounted to EUR 35,067,890, with minority interests amounting to EUR 3,967,908.

The net financial position of Portobello S.p.A. as of the 30th of June 2023 is shown below:

NFP Detail (Figures in EUR)	**30/06/2023**	**31/12/2022**	***Absolute change***	***Change %***
Cash	91,716	149,206	(57,490)	-38.53%
Other liquid assets	4,388,425	2,694,925	1,693,500	62.84%
Titles	215,432	259,259	(43,827)	-16.90%
LIQUIDITY (a)+(b)+(c)	**4,695,573**	**3,103,390**	**1,592,183**	**0.513046**
Current bank debts	(1,800,008)	(2,041,145)	241,137	-11.81%
Current portion of non-current debt	(17,429,547)	(13,536,584)	(3,892,963)	28.76%
Other current financial payables	(514,659)	(629,870)	115,211	-18.29%
CURRENT FINANCIAL INDEBTEDNESS (f)+(g)+(h)	**(19,744,214)**	**(16,207,599)**	**(3,536,615)**	**21.82%**
CURRENT NET FINANCIAL INDEBTEDNESS (i)-(e)-(d)	**(15,048,641)**	**(13,104,209)**	**(1,944,432)**	**14.84%**

The net current financial position is negative by about EUR 15.04 million. Current bank and financial payables refer to financing contracts for short-/medium-term advances.

The following table shows the net financial position of Portobello S.p.A. restated in accordance with CONSOB Resolution 15519 of the 27th of July 2006:

NFP Detail (Figures in EUR)	**30/06/2023**	**31/12/2022**	***Absolute Variation***	***Change %***
Cash	91,716	149,206	(57,490)	-38.53%
Other liquid assets	4,388,425	2,694,925	1,693,500	62.84%
Securities	215,432	259,259	(43,827)	-16.90%
LIQUIDITY (a)+(b)+(c)	**4,695,573**	**3,103,390**	**1,592,183**	**0.513046**
Current bank debts	(1,800,008)	(2,041,145)	241,137	-11.81%
Current portion of non-current debt	(17,429,547)	(13,536,584)	(3,892,963)	28.76%
Other current financial payables	(514,659)	(629,870)	115,211	-18.29%
CURRENT FINANCIAL INDEBTEDNESS (f)+(g)+(h)	**(19,744,214)**	**(16,207,599)**	**(3,536,615)**	**21.82%**
CURRENT NET FINANCIAL INDEBTEDNESS (i)-(e)-(d)	**(15,048,641)**	**(13,104,209)**	**(1,944,432)**	**14.84%**
Non-current bank debts	(29,541,665)	(29,195,927)	(345,738)	1.18%
Other non-current payables	0	(131,445)	131,445	-100%
NON-CURRENT FINANCIAL INDEBTEDNESS (k)+(l)+(m)	**(29,541,665)**	**(29,327,372)**	**(214,293)**	**0.73%**
NET FINANCIAL INDEBTEDNESS (j)+(n)	**(44,590,306)**	**(42,431,581)**	**(2,158,725)**	**5.09%**

MAIN PROFITABILITY RATIOS

For a better understanding of the Company's economic situation and results, a number of comparative economic indicators for the two reporting periods are given below, which, although not identified with direct accounting measures, provide a clear view of the Company's business performance.

The indicators listed below should be used as a supplement to the disclosure requirements of the CIU.

Return on Assets

R.O.A.	30/06/2023	30/06/2022	Variation
Net Operating Margin	(7,620,303)	4,673,030	(12,293,333)
Total Assets	130,414,655	105,288,832	25,125,823
Net Operating Margin/Total Assets	**-5.84%**	**4.44%**	**-10.28%**

The index measures the return on investment with reference to the result before financial management.

Return on Equity

R.O.E.	30/06/2023	30/06/2022	Variation
Net Result	(10,576,001)	3,918,023	(14,494,024)
Shareholders' Equity	31,099,982	38,195,430	(7,095,448)
Net Profit/Shareholders' Equity	**-34.01%**	**10.26%**	**-44.26%**

The index measures the return on equity invested in the company.

Return on Investment

R.O.I.	30/06/2023	30/06/2022	Variation
Net Operating Margin	(7,620,303)	4,673,030	(12,293,333)
Net Invested Operating Capital (*)	77,712,638	66,456,877	11,255,761
Net Operating Margin/Net Invested Capital	**-9.81%**	**7.03%**	**-16.84%**

(*) Net Invested Operating Capital is the sum of Net Fixed Assets and Net Working Capital

The index measures the profitability and efficiency of invested capital in relation to typical business operations.

Return on Sales

R.O.S.	30/06/2023	30/06/2022	Variation
Net Operating Margin	(7,620,303)	4,673,030	(12,293,333)
Revenues from Sales and Services	64,822,090	48,820,315	16,001,775
Net Operating Margin/Sales and Service Revenues	**-11.76%**	**9.57%**	**-21.33%**

The index measures the company's ability to generate profits from sales.

Ebit

Ebit	30/06/2023	30/06/2022	Variation
EBIT	(7,620,303)	4,673,030	(12,293,333)
Value	**(7,620,303)**	**4,673,030**	**(12,293,333)**

This is the income margin that measures the result for the year without considering extraordinary items and financial expenses. It includes the result of the ancillary and financial area, net of financial expenses.

Primary Structure Margin

	30/06/2023	31/12/2022	Variation
Owned means	31,099,982	45,614,990	*(14,515,008)*
Fixed assets	15,375,058	14,201,152	*1,173,906*
Primary Structure Margin = Equity - Fixed Assets	**15,724,924**	**31,413,838**	***(15,688,914)***
Primary Structure Ratio = Equity/Fixed Assets	**2,02**	**3,21**	***-1,19***

It expresses in absolute terms the company's ability to cover investments in fixed assets with its own funds.

Secondary structure margin

	30/06/2023	31/12/2022	Variation
Owned means	31,099,982	45,614,990	*(14,515,008)*
Consolidated liabilities	32,103,732	31,686,739	*416,993*
Fixed assets	15,375,058	14,201,152	*1,173,906*
Secondary Structure Margin = (Equity + Consolidated Liabilities) - Fixed Assets	**47,828,656**	**63,100,577**	***(15,271,921)***
Secondary Structure Ratio = (Equity + Consolidated Liabilities) / Fixed Assets	**4,11**	**5,44**	***-1,33***

It expresses in absolute terms the Company's ability to cover its investments in fixed assets with consolidated sources.

SIGNIFICANT EVENTS OCCURRED AFTER THE END OF THE PERIOD

NOTIFICATION OF A PREVENTIVE SEIZURE ORDER OF CREDIT BALANCES OPENED WITH CREDIT INSTITUTIONS AGAINST THE COMPANY

On the 20th of July 2023, Portobello was notified of a preventive seizure order issued by the Public Prosecutor's Office at the Ordinary Court of Milan concerning sums of money (credit balances) on the accounts held with credit institutions operating with the Company. The aforesaid seizure originated from a tax inspection carried out by the Milan Tax Revenue Office relating to the tax years 2017-2020, which ended with a tax audit report (PVC) that was reported in the Company's financial statements as of the 31st of December 2022 (page 28) and in respect of which Portobello had been conducting a tax assessment procedure with the Tax Revenue Office for several months. The aforesaid seizure concerned total sums amounting to EUR 9,751,292.87 and appeared to be motivated by the non-completion at the time of the aforesaid adhesion procedure. The Company, for its part, immediately took steps to promptly represent to the investigating Public Prosecutor the state of progress of the constant and frequent interlocutions with the Inland Revenue Agency aimed at the settlement of this procedure as soon as possible. Portobello promptly requested the revocation of the order of seizure in the belief that it had always acted with the utmost fairness, promptness and determination and had already taken prudential steps (as a demonstration of its willingness to reach a shared solution with the Inland Revenue in the short term) to deposit in a special escrow account an amount of approximately EUR 4 million, corresponding - in the opinion of the Company's consultants - to an amount deemed adequate to cover the potential liabilities arising from the settlement of the procedure. The refusal to revoke the seizure on the accounts and the continuation of the same has completely changed the scenario and the Company's approach to the litigation and the consequent and imperative need to proceed with the rapid settlement of the same.

SIGNED AN AGREEMENT WITH THE REVENUE AGENCY ON THE PROCEDURE OF ASSESSMENT WITH ADHESION CONCERNING VAT AND DIRECT TAXES FOR THE PERIODS FROM 2017 TO 2020.

On the 28th of August 2023, Portobello signed an adhesion agreement with the Inland Revenue Agency aimed at settling out-of-court the disputes raised with regard to VAT and direct taxes in relation to the tax periods from 2017 to 2020 and arising from a tax audit conducted by the Milan Inland Revenue Agency that ended with a tax audit report (PVC), which was disclosed in the Company's financial statements for the year ending on the 31st of December 2022. Pursuant to this agreement, the Company will have to pay an amount of EUR 6.8 million as VAT plus an additional EUR 3.6 million for residual taxes, penalties and interest. The Company paid EUR 5.5 million on the 31st of August 2023, while the balance of EUR 4.9 million will be paid in half by the 31st of December 2023 and the remainder by March 2024. Portobello reiterated that it had always acted with the utmost fairness, promptness and determination and that it had adhered to the agreement in order to avoid the time and costs of a significant tax dispute as well as to be able to benefit in any case from certain reductions in the penalties imposed (so-called tax truce), without the signing of this agreement implying or being interpreted as an acceptance or sharing of the arguments put forward by the Inland Revenue Agency.

THE ARRANGEMENTS FOR THE PAYMENT OF THE FIRST INSTALMENT RELATING TO THE AGREEMENT WITH THE REVENUE AGENCY HAVE BEEN PUT IN PLACE

On the 31st of August 2023, Portobello prepared and transmitted the F24 forms for the payment of the first instalment of EUR 5.5 million, relating to the adhesion agreement with the Revenue Agency aimed at settling out-of-court the VAT and direct tax disputes made in relation to the tax periods from 2017 to 2020 and of which notice had been given on the 28th of August 2023. The sum was already available in the current accounts subject to seizure.

RECEIPT OF DISPOSITION FOR THE RELEASE OF ACCOUNTS AND ASSETS

On the 4th of September 2023, Portobello was notified of the release of the Company's accounts and assets by the Public Prosecutor's Office of Milan against the payment of the first instalment, amounting to EUR 5.5 million, relating to the adhesion agreement with the Inland Revenue Agency aimed at settling out-of-court the disputes formulated in relation to VAT and direct taxes for the tax periods from 2017 to 2020 and of which notice was given on the 28th of August 2023.

CLOSURE OF THE MILAN (CORSO BUENOS AIRES) AND OLBIA STORES:

In July, the Company closed the store in Milan located in Corso Buenos Aires. The sales area and the two-storey layout of the premises were deemed unsuitable for Portobello's standard layout and did not allow for an optimal shopping experience for customers. In addition, the decision to close the store is linked to the potentially greater performance opportunities of another Portobello-branded store that will open in October this year in the new Merlata Bloom shopping centre in Milan.

In August, the Company closed the Olbia store due to the natural expiration of the lease (temporary, 2-year), which the Company, for commercial reasons, did not see fit to renew.

MANAGEMENT AND COORDINATION ACTIVITIES

Pursuant to paragraph 5 of Article 2497-bis of the Italian Civil Code, it is certified that the Company is not subject to management and coordination activities by others. Instead, the subsidiary PB Retail Srl is subject to management and coordination activities by the parent company, Portobello Spa.

MAIN RISKS AND UNCERTAINTIES TO WHICH THE COMPANY IS EXPOSED

Pursuant to the first paragraph of Article 2428 of the Italian Civil Code, a description of the main risks and uncertainties to which the Company is exposed is provided below:

Risks associated with the sector in which the Company operates

The Company's economic, asset and financial situation is influenced by various factors that condition the macro-economic framework in the various countries in which it operates, including the level of consumer and business confidence.

Credit risk related to business relationships with customers

Almost all trade receivables derive from barter transactions that envisage the method of payment by offsetting; therefore, there are no risk profiles in credit management, nor is it believed that there could be any negative impact caused by the current emergency. With reference to the residual portion of receivables not arising from barter agreements, all appropriate assessments have been carried out, and an adequate provision has been allocated to cover the related risk.

Liquidity risks

Liquidity risk relates to the availability of financial resources and access to the credit market. Liquidity risk is to be considered medium/low, given the Company's level of indebtedness in relation to business volumes and shareholders' equity.

Interest rate risks

Interest rate risk relates to the Company's exposure to interest-bearing financial instruments. The Company is exposed to a non-significant amount and, therefore, there are no risks relative to interest rates on bank debt. However, the Company has taken out two medium/long-term loans with a variable rate linked to the Euribor trend, on which it has implemented hedging transactions. Details on these transactions are reported in the notes to the accounts.

Exchange rate risks

The Company operates almost entirely in the Eurozone. Transactions settled in currencies other than the EUR are very limited. Therefore, there are no significant exchange rate risks.

RESEARCH AND DEVELOPMENT ACTIVITIES

There are no research and development expenses during the interim period to the 30th of June 2023.

OWN SHARES

Pursuant to Articles 2435-bis and 2428 of the Italian Civil Code, we note that in February 2023, the Company purchased treasury shares on the market through Integrae Sim S.p.A.. In particular, during the period mentioned, the Company purchased 150 treasury shares for a counter-value of EUR 4,650. Therefore, as of the 30th of June 2023, the Company held a total of 8,550 treasury shares for a counter-value of EUR 173,708, recording a negative reserve in Shareholders' Equity of the same amount.

USE OF FINANCIAL INSTRUMENTS RELEVANT TO THE ASSESSMENT OF THE FINANCIAL POSITION AND RESULTS OF OPERATIONS FOR THE PERIOD

Pursuant to and for the purposes of point 6-bis) of the third paragraph of Article 2428 of the Italian Civil Code, it is hereby certified that the Company has not undertaken any financial risk management policies, as it is deemed not material. However, it is noted that derivative contracts were entered into in previous periods to hedge against possible fluctuations in the variable rate applied to the loan in question, for details of which, please refer to the Explanatory Notes.

MAIN NON-FINANCIAL INDICATORS

Pursuant to the second paragraph of Article 2428 of the Italian Civil Code, we certify that, due to the specific activity performed and for a better understanding of the Company's situation, performance and result of operations, the presentation of non-financial indicators is not considered relevant.

ENVIRONMENTAL INFORMATION

It is certified that the Company has not undertaken any environmental impact policies because they are not necessary in relation to its business.

INFORMATION ON PERSONNEL MANAGEMENT

No significant information is reported on personnel management.

STOCK/SHARES OF THE PARENT COMPANY

It is hereby certified that the Company is not subject to control by any company or group of companies.

BRANCH OFFICES

In compliance with the provisions of Article 2428 of the Italian Civil Code, the Company's secondary place of business is shown below:

- Milan, Corso Venezia, 45

RELATIONS WITH SUBSIDIARIES, ASSOCIATES, PARENT COMPANIES AND COMPANIES CONTROLLED BY THE PARENT COMPANIES

With reference to this point, please refer to the relevant section of the Notes to the Accounts.

Pomezia, 25/09/2023 (what is this relating to?)

Consolidated Interim Financial Statements as of the 30th of June 2023

PORTOBELLO S.p.A.

Consolidated Interim Financial Statements as of the 30th of June 2023

Master data	
Headquarters in	POMEZIA, PIAZZALE DELLA STAZIONE SNC
Tax code	13972731007
Rea Number	RM 1486865
V.A.T.	13972731007
Share Capital EUR	674,450,40 i.v.
Legal form	Public limited company
Prevalent sector of activity (ATECO)	731101
Company in liquidation	no
Single-member company	no
Company subject to management and coordination by others	no
Belonging to a group	yes
Parent Company Name	PORTOBELLO S.p.A.

Consolidated Balance Sheet		
	30/06/2023	31/12/2022
Assets		
B) Fixed Assets		
I - Intangible fixed assets		
1) goodwill and expansion costs	1,453	1,727
3) industrial patent rights and rights of use of intellectual works	1,874,268	864,236
4) concessions, licences, trademarks and similar rights	84,396	79,724
5) goodwill	31,469	33,320
6) fixed assets under construction and advances	140,633	551,763
7) others	5,364,235	4,781,565
Total intangible fixed assets	*7,496,454*	*6,312,335*
II - Tangible fixed assets		
1) land and buildings	44,006	44,750
2) plant and machinery	2,214,098	2,213,449
3) industrial and commercial equipment	187,092	191,077
4) other assets	837,010	864,529
Total tangible fixed assets	*3,282,206*	*3,313,805*
III - Financial Fixed Assets		
1) participations in		
(b) related entities	2,750,000	2,750,000
(d-bis) other companies	707,670	707,670
Total participations	*3,457,670*	*3,457,670*
2) Credits		
(a) towards subsidiaries		
due by the next financial year		
due beyond the next financial year	420,000	*360,000*
Total receivables from subsidiaries	420,000	*360,000*
Total credits	420,000	*360,000*
3) other titles	129,600	100,800
4) derivative financial instruments assets	589,128	656,542
Total financial fixed assets	*4,596,398*	*4,575,012*
Total fixed assets (B)	*15,375,058*	*14,201,152*
C) Current assets		
I - Inventories		
4) Finished products and goods	54,080,368	56,262,254
Total inventories	54,080,368	*56,262,254*
Tangible fixed assets held for sale		
II - Credits		
1) towards customers		
due within the next financial year	7,342,908	5,943,856
due beyond the next financial year	-	
Total receivables from customers	7,342,908	5,943,856
3) towards related entities		
due within the next financial year	639,911	459,43
due beyond the next financial year	-	
Total receivables from related entities	639,911	459,543
5-bis) tax credits		
due within the next financial year	1,202,739	3,266,411
due beyond the next financial year	-	
Total tax receivables	1,202,739	3,266,411
5-ter) Deferred tax assets	12,295	12,295
5-quater) towards others		
due within the next financial year	97,843	82,865
due beyond the next financial year	731,395	791,948
Total receivables from others	829,238	*874,813*
Total credits	*10,027,091*	*10,556,918*
III - Financial assets not constituting fixed assets		
4) other participations	215,432	259,259
Total financial assets not constituting fixed assets	215,432	*259,259*
IV - Cash and cash equivalents		
1) bank and postal deposits	4,388,425	2,694,925
3) cash and valuables on hand	91,716	149,206
Total cash and cash equivalents	*4,480,141*	*2,844,131*
Total current assets (C)	*68,803,032*	*69,922,562*
D) Accruals and deferrals	46,236,565	30,164,264

Total assets	*130,414,654*	*114,287,978*
Liabilities		
A) Group equity		
I - Capital	674,450	674,450
II - Share premium reserve	12,767,452	12,767,452
IV - Legal reserve	134,890	123,898
VI - Other reserves, separately indicated		
Extraordinary reserve	34,832,621	21,693,845
Consolidation reserve	(2,798,447)	
Capital increase reserve Stock Grant	18,000	18,000
Euro rounding reserve	(1)	(1)
Various other reserves	-	-
Total other reserves	*32,052,173*	*21,711,844*
VII - Reserve for expected cash flow hedging transactions	192,335	158,787
VIII - Profits (losses) carried forward	(3,702)	-
of which undivided profits	(3,702)	-
IX - Profit (loss) for the year	(10,576,001)	10,347,617
X - Negative reserve for treasury shares in portfolio	(173,708)	(169,058)
Total group equity	*35,067,890*	*45,614,990*
Minority shareholders' equity		
Capital and reserves of third parties	(2,675,276)	13,430
Minority interest in profit (loss)	(1,292,632)	(2,688,705)
Total third-party equity	(3,967,908)	(2,675,275)
Total consolidated shareholders' equity	31,099,982	*42,939,715*
B) Provisions for risks and charges		
1) for pensions and similar obligations	-	
2) for taxes, including deferred taxes	744,322	405,207
3) derivative financial instruments liabilities	396,793	497,756
Total provisions for risks and charges	1,141,115	*902,963*
C) Severance (TFR) pay	881,236	752,052
D) Payables		
3) payables to shareholders for loans		
due within the next financial year		
due beyond the next financial year	702,452	695,745
Total payables to shareholders for loans	702,452	*695,745*
4) bank debts		
due within the next financial year	19,229,555	15,577,729
due beyond the next financial year	29,541,665	29,195,927
Total due to banks	48,771,220	*44,773,656*
5) payables to other lenders		
due within the next financial year	514,659	629,870
due beyond the next financial year	-	131,445
Total payables to other lenders	514,659	*761,315*
7) payables to suppliers		
due within the next financial year	12,321,479	7,756,744
due beyond the next financial year	-	
Total payables to suppliers	12,321,479	7,756,744
10) payables to related entities		
due within the next financial year	8,864	9,000
due beyond the next financial year	-	
Total payables to related entities	8,864	9,000
12) tax debts		
due within the next financial year	23,587,430	10,979,808
due beyond the next financial year	-	
Total tax payables	23,587,430	10,979,808
13) Payables to social security institutions		
due within the next financial year	1,067,837	1,559,542
due beyond the next financial year	531,109	
Total due to social security institutions	1,598,946	1,559,542
14) other payables		
due within the next financial year	1,923,870	1,530,987
due beyond the next financial year	8,607	8,607
Total other payables	1,932,477	*1,539,594*
Total debts	*89,437,527*	*68,075,404*
E) Accruals and deferrals	7,854,795	1,617,844
Total liabilities	*130,414,654*	*114,287,978*

Consolidated Profit and Loss Account		
	30/06/2023	**30/06/2022**
A) Production value		
1) revenues from sales and services	64,822,090	48,820,315
5) other revenues and income		
operating grants	-	-
others	174,698	185,703
Total other income and revenues	*174,698*	*185,703*
Total value of production	*64,996,788*	*49,006,018*
B) Production costs		
6) for raw materials, consumables and goods	45,037,013	40,616,318
7) for services	4,087,101	3,680,289
8) for use of third-party assets	4,528,817	3,287,977
9) for staff		
(a) wages and salaries	4,715,208	3,720,056
(b) social security contributions	1,358,410	1,092,673
(c) severance pay	266,806	229,681
(d) pensions and similar benefits	-	-
(e) other costs	35	374
Total personnel costs	*6,340,459*	*5,042,784*
10) depreciation and amortisation		
(a) amortization of intangible fixed assets	1,073,457	1,035,899
b) depreciation of tangible fixed assets	402,429	261,270
(d) write-downs of receivables included in current assets and cash and cash equivalents	-	60,000
Total depreciation and amortisation	*1,475,886*	*1,357,169*
11) Changes in inventories of raw, ancillary and consumable materials and goods	1,005,970	(10,681,756)
12) Provisions for risks	339,115	-
13) other provisions	1,175,916	400,000
14) sundry operating expenses	8,626,814	630,207
Total production costs	*72,617,091*	*44,332,988*
Difference between value and cost of production (A - B)	**(7,620,303)**	**4,673,030**
C) Financial income and expenses		
16) other financial income		
others	182,196	12
Total income other than the above	*182,196*	*12*
Total other financial income	*182,196*	*12*
17) interest and other financial charges		
others	714,770	265,537
Total interest and other financial expenses	*714,770*	*265,537*
17-bis) Foreign Exchange Gains and Losses	(1,554)	(183)
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	*(531,020)*	*(265,708)*
19) devaluations		
(a) of participations	43,827	100,000
Total write-downs	*43,827*	*100,000*
Total value adjustments of financial assets and liabilities (18 - 19)	*(43,827)*	*(100,000)*
Profit before tax (A - B + - C + - D)	**(8,195,150)**	**4,307,322**
20) Current, Deferred and Prepaid Income Taxes for the Year		
current taxes	3,673,483	1,559,969
deferred and prepaid taxes	-	-
Total income taxes for the year, current, deferred, and prepaid	**3,673,483**	*1,559,969*
21) Consolidated profit (loss) for the year	**(11,868,633)**	**2,747,353**
Group result	(10,576,001)	3,918,023
Result attributable to minority interests	**(1,292,632)**	**(1,170,670)**

Statement of Cash Flows		
	2023	**2022**
A. Cash flows from operations (indirect method)		
Profit (loss) for the year	**(11,868,633)**	**7,658,912**
Income Taxes	3,673,483	4,507,452
Interest expenses/(interest income)	531,020	871,148
(Dividends)	0	0
(Gains)/losses on disposal of assets	0	0
1. Profit (Loss) for the Year Before Income Taxes, Interest, Dividends and Gains/Losses on Disposal	**(7,664,130)**	**13,037,512**
Adjustments for non-monetary items not reflected in net working capital		
Provisions to Funds	1,781,837	2,301,118
Depreciation of fixed assets	1,475,886	2,835,004
Impairment losses	43,827	440,741
Other adjustments for non-monetary items	0	0
2. Cash flow before ccn changes	**3,301,550**	**5,576,863**
Changes in net working capital		
Increase/(decrease) in inventories	2,181,886	(12,342,682)
Increase/(decrease) in receivables from customers	(1,399,052)	(1,915,803)
Increase/(decrease) in trade payables	4,564,735	(4,124,027)
Increase/(decrease) in accrued income and prepaid expenses	(16,072,301)	(6,674,037)
Increase/(decrease) in accrued liabilities and deferred income	6,236,951	(8,651,309)
Other changes in net working capital	1,654,157	1,294,515
3. Cash flow after ccn changes	**(2,833,624)**	**(32,413,343)**
Other corrections		
Interest received/(paid)	(531,020)	(871,148)
(Income taxes paid)	8934,139	(546,825)
Dividends received	0	0
Use of Funds	(1,414,501)	(1,067,950)
4. Cash flow after other adjustments	**6,988,618**	**(2,485,923)**
Cash flow from operations (A)	(207,586)	(16,284,891)
B. Cash flows from investing activities		
Tangible fixed assets	**(370,830)**	**(1,929,011)**
(Investments)	370,830	1,929,011
Divestment realisation price	0	0
Intangible fixed assets	**(2,257,576)**	**(3,189,539)**
(Investments)	2,257,576	3,189,539
Divestment realisation price	0	0
Financial fixed assets	**(65,213)**	**(3,949,883)**
(Investments)	65,213	3,949,883
Divestment realisation price	0	0
Financial assets not held as fixed assets	**510,751**	**(751,942)**
(Investments)	510,751	751,942
Divestment realisation price	**510,751**	0
Cash flow from investing activities (B)	**(2,182,868)**	**(9,820,375)**

C. Cash flows from financing activities		
Third-party means		
Increase (decrease) in short-term payables to banks	3,997,564	26,233,378
Own means		
Capital Increase	0	54,960
Other Changes in Consolidated Equity	28,901	189,884
Cash flow from financing activities (C)	**4,026,465**	**26,478,222**
Increase (decrease) in cash and cash equivalents (a ± b ± c)	**1,636,010**	**372,956**
Cash and cash equivalents as of the 1st of January	**2,844,131**	**2,471,175**
Cash and cash equivalents as of the 30th of June	**4,480,141**	**2,844,131**

NOTES TO THE ACCOUNTS, INITIAL PART

INTRODUCTION

Dear Shareholders, these consolidated interim financial statements of Portobello S.p.A and its subsidiaries have been prepared in accordance with the provisions of the Italian Civil Code, supplemented and interpreted by the accounting principles adopted by the Italian Accounting Organisation (Organismo Italiano di Contabilità, O.I.C.).

The consolidated interim financial statements comply with the provisions of Articles 2423 et seq. of the Italian Civil Code and the national accounting standards as published by the Italian Accounting Standards Board; they, therefore, clearly and fairly represent the company's financial position and results of operations for the interim period.

The contents of the consolidated balance sheet and the consolidated income statement are as set forth in Articles 2424 and 2425 of the Civil Code.

The notes to the accounts, drawn up in accordance with Article 2427 of the Civil Code, also contain all the information needed to provide a correct interpretation of the financial statements.

Portobello S.p.A. is required to prepare Consolidated Financial Statements pursuant to Article 25 et seq. of Legislative Decree 127/91.

DRAFTING CRITERIA

The consolidated interim financial statements were prepared in accordance with the provisions of Article 29 of Legislative Decree No. 127/91, as shown in these notes, prepared pursuant to Article 38 of the same decree. Where necessary, the accounting principles laid down by the National Council of Chartered Accountants and Accounting Experts have been applied, and where these are lacking, the accounting principles recommended by the IASB and referred to by Consob.

The Consolidated Interim Financial Statements consist of the Consolidated Balance Sheet (prepared in accordance with the format set forth in Articles 2424 and 2424 bis of the Italian Civil Code), the Consolidated Income Statement (prepared in accordance with the format set forth in Articles 2425 and 2425 bis of the Italian Civil Code), these Notes to the accounts, and are accompanied by the Group's Report on Operations.

The purpose of the Notes to the accounts is to illustrate, analyse, and, in certain cases, supplement the data in the consolidated financial statements and to provide the information required by Article 2427 of the Italian Civil Code, Article 38 of Legislative Decree 127/1991 and those required by other provisions of the same decree.

The Consolidated Balance Sheet, Consolidated Income Statement, and these Notes to the accounts show values expressed in EUR units pursuant to Article 16, paragraph 8, letter a) of Legislative Decree No. 213 of the 24th of June 1998.

SCOPE AND METHODS OF CONSOLIDATION

The consolidated interim financial statements are derived from the interim financial statements of Portobello S.p.A (Parent Company) and of the Companies in which the Parent Company directly or indirectly holds a controlling interest or exercises control. The financial statements of the Companies included in the consolidation area are taken on a line-by-line basis. A list of these Companies is provided below.

Subsidiaries whose activities are heterogeneous with those of the remaining group companies are excluded and valued using the equity method, pursuant to Art. 28, first paragraph of Legislative Decree 127/91; there are no exclusions for heterogeneity in our case.

Excluded from consolidation are those companies over which, for legal or factual reasons, control cannot be exercised. If they exist, a list of them would be provided as an appendix to the Notes to the accounts.

Companies over which joint control is exercised pursuant to Article 37 of Legislative Decree 127/91 are included in the consolidation in proportion to the shareholding held. There are no cases of companies consolidated using the proportional method.

There are no subsidiaries excluded from consolidation pursuant to Legislative Decree 127/91.

Companies in which the interest held is below the 20% threshold and which constitute fixed assets are valued using the cost method.

The financial statements used to prepare the consolidated financial statements are the interim financial statements as of the 30th of June 2023 of the Parent Company and Subsidiaries.

SCOPE OF CONSOLIDATION

The consolidated interim financial statements as of the 30th of June 2023 include, on a line-by-line basis, the financial statements as of the same date of Portobello S.p.A. and of the companies in which the Group holds the majority of voting rights.

LIST OF COMPANIES INCLUDED IN CONSOLIDATION USING THE LINE-BY-LINE METHOD

The line-by-line consolidation concerned the shareholdings of the companies listed below in which Portobello S.p.A. directly holds control:

Name	Headquarters	Share Capital	Properties
PB Retail Srl	Piazzale della Stazione Snc - Pomezia (RM)	EUR 100,000	51%

CONSOLIDATION CRITERIA

The financial statements are consolidated by applying the line-by-line method. The accounting principles and criteria used for consolidation are as follows:

- The book value of shareholdings held by the parent company in subsidiaries consolidated on a line-by-line basis is eliminated against the corresponding fraction of the equity of the investee companies.
- The assets, liabilities, costs and revenues of subsidiaries are taken in their full amount, regardless of the percentage share of the investments held.
- The positive difference between the book value of the eliminated participations and the book value of the corresponding fractions of eliminated shareholders' equity of the investee companies arising on consolidation is treated as follows:
- The difference arising at the date of the first inclusion of the investee company in the consolidated financial statements: the excess of the cost of the equity investment over the book value of the corresponding portion of shareholders' equity eliminated, insofar as it cannot be attributed to specific asset or liability items, is recognised autonomously under assets among intangible assets in an item called 'Goodwill' unless it must be recognised wholly or partially in the income statement under item B14. The amount entered as an asset is amortised over the period specified in the first paragraph, no. 6, of Article 2426.
- The difference arising after the date of first inclusion of the investee company in the consolidated financial statements as a result of profits realised or losses incurred by the investee company in financial years subsequent to the year of first consolidation is credited or debited to the Consolidated Shareholders' Equity item 'Consolidation Reserve' or to a specific 'Consolidation reserve for future risks and charges', in compliance with the criterion of Article 33, paragraph 3, of Legislative Decree 127/91. The provision is utilised in subsequent years to reflect the assumptions made when it was estimated at the time of purchase.

- Transactions between companies included in the scope of consolidation, and thus the receivables, payables, costs and revenues resulting from such transactions, are eliminated in the consolidation process.
- Profits not yet realised with third parties arising from transactions between companies included in the scope of consolidation are eliminated, taking into account the relevant tax effect.
- Items that may be present in the statutory financial statements of companies included in the scope of consolidation and accounted for exclusively in the application of tax regulations are eliminated, taking into account the related tax effect.
- The financial statements of the companies included in the consolidation area, where necessary, are aligned with the accounting principles applied by the parent company.
- The portions of shareholders' equity and profit for the year attributable to minority shareholders of the subsidiaries included in the scope of consolidation are shown in special items in the consolidated balance sheet and income statement called 'Minority interest in capital and reserves' and 'Minority interest in profit (loss)'.
- Included in the consolidated financial statements, if any, is the deferred tax charge arising from the elimination of value adjustments made solely for tax purposes and consolidation eliminations. This charge is charged to the income statement under the item 'deferred income taxes for the year' with a balancing entry in a special liability fund called 'Provision for Taxes'.
- l) If deferred tax assets arise from the aforementioned pre-consolidation and consolidation transactions, they are recognised by debiting the "Deferred Tax Fund" recorded under liabilities up to their full amount; any credit balance is only shown on the assets side of the balance sheet under "Deferred Tax Credits" if it is reasonably certain that, in the years in which the temporary difference that generated the deferred tax assets will be reversed, there will be sufficient taxable income to absorb them.

DRAFTING PRINCIPLES

COMMENT

The items in the consolidated interim financial statements were measured in accordance with the principle of prudence and materiality and on a going-concern basis. Pursuant to Article 2423-bis c.1 point 1-bis of the Italian Civil Code, items are recognised and presented taking into account the substance of the transaction or contract. In the preparation of the consolidated interim financial statements, income and expenses have been recognised on an accrual basis regardless of when they occur, and only profits realised at the end of the financial year have been shown. Account has also been taken of risks and losses pertaining to the financial year, even if they became known after the end of the financial year.

STRUCTURE AND CONTENT OF THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

The consolidated balance sheet and profit and loss account, cash flow statement and accounting information contained in these notes are consistent with the accounting records from which they have been directly derived.

In the presentation of the consolidated balance sheet and profit and loss account, items preceded by Arabic numerals have not been grouped together, as optionally required by Article 2423 of the Civil Code.

Pursuant to Article 2424 of the Civil Code, we confirm that there are no assets or liabilities that fall under more than one heading in the interim statement.

EXCEPTIONAL CASES PURSUANT TO ARTICLE 2423(5) OF THE CIVIL CODE

There were no exceptional cases that made it necessary to resort to derogations under Article 2423(4) and (5) of the Civil Code.

CHANGES IN ACCOUNTING PRINCIPLES

There were no exceptional cases that made it necessary to resort to derogations under Article 2423-bis c.2 of the Civil Code.

COMPARABILITY AND ADAPTATION ISSUES

There was no need to adjust any items from the previous year.

EVALUATION CRITERIA APPLIED

COMMENT

The criteria applied in the valuation of the items of the consolidated interim financial statements and in the value, adjustments are in compliance with the provisions of the Italian Civil Code and the indications contained in the accounting principles issued by the Organismo Italiano di Contabilità. The criteria used in the preparation of the interim consolidated financial statements as of 30/06/2023 are those used in the interim financial statements of the parent company.

Pursuant to Article 2427 c. 1 no. 1 of the Italian Civil Code, we illustrate the most significant valuation criteria adopted in compliance with the provisions of Article 2426 of the Italian Civil Code, with particular reference to those balance sheet items for which the legislator allows different valuation and adjustment criteria or for which no specific criteria are envisaged.

At the balance sheet date, the company held payables in foreign currency arising from an invoice for services of a company resident in Great Britain.

INTANGIBLE FIXED ASSETS

Intangible assets, which meet the requirements of the accounting principles, are recorded in the consolidated balance sheet assets at purchase and/or production cost and are amortised on a straight-line basis according to their future usefulness.

The value of fixed assets is shown net of accumulated depreciation and write-downs.

Amortisation was performed in accordance with the following pre-established schedule, which is deemed to ensure a correct allocation of the cost incurred over the useful life of the fixed assets in question:

Intangible fixed assets	Period
Corporate expenses	5 years on a straight-line basis
Organisational expenses (AIM listing)	3 years on a straight-line basis
Capitalised software	5 years on a straight-line basis
Intellectual property rights	3 years on a straight-line basis
Brands	10 years in equal instalments - lease term
Concessions and licences	5 years on a straight-line basis
Other Intangible Assets	5 years on a straight-line basis
Expenditure on third party assets	Lease term

Any disposals of intangible assets during the year resulted in the elimination of their residual value.

The criterion of amortisation of intangible assets has been applied systematically and in every financial year in relation to the residual possibility of economic use of each individual asset or expense.

Pursuant to and for the purposes of Article 10 of Law No. 72 as of the 19th of March 1983, and as also referred to by subsequent Monetary Revaluation Laws, it is noted that no monetary revaluation has ever been carried out for intangible assets still existing in the balance sheet.

It should be noted that it was not necessary to make write-downs on these fixed assets pursuant to Article 2426, Paragraph 1, No. 3 of the Civil Code because, as required by Accounting Principle OIC 9, no indicators of potential impairment of intangible assets were found.

GOODWILL AND EXPANSION COSTS

Goodwill and expansion costs have been recognised as assets in the consolidated balance sheet with the approval of the Board of Statutory Auditors since they have a multi-year useful life; these costs have been amortised over a period not exceeding five years.

INTANGIBLE ASSETS

Intangible assets are recognised at their purchase cost, including ancillary costs, and are amortised within the legal or contractual limit set for them.

FIXED ASSETS UNDER CONSTRUCTION AND ADVANCES

Intangible fixed assets under construction, recorded under item B.I.6, are initially recognised at the date the first costs are incurred for the construction or acquisition of the asset and include internal and external costs incurred for its construction. These costs remain recognised as assets under construction until the project is completed and are not depreciated until that time.

TANGIBLE ASSETS

The book value of assets, grouped in homogeneous classes by nature and year of acquisition, is allocated to the financial years in which they are expected to be used. This procedure is implemented through the systematic allocation to the income statement of depreciation rates corresponding to pre-established plans, defined at the time the asset is available and ready for use, with reference to the presumed residual possibility of use of the assets themselves. These plans, subject to annual verification, are formed with reference to the gross value of the assets and assuming zero realisable value at the end of the process.

The depreciation of tangible fixed assets, the use of which is limited in time, was carried out in accordance with the following schedule:

Items of tangible fixed assets	Rates %
Land and buildings	3%
Air-conditioning system	15%
Other general plant and machinery	30%
Specific warehouse equipment	7,5%
Specific equipment	10%
Furniture and furnishings	12%
Electronic office machines	20%
Other tangible assets	100% - lease duration

Any disposals of assets (sales, scrapping, etc.) during the year resulted in the elimination of their residual value. Any difference between book value and disposal value was recognised in the income statement.

For fixed assets acquired during the year, the above rates have been reduced to half, as the depreciation rate thus obtained is not significantly different from the rate calculated from the time the asset is available and ready for use.

The depreciation criteria for tangible fixed assets did not change from those applied in the previous year.

Pursuant to and for the purposes of Article 10 of Law No. 72 as of the 19th of March 1983, as also referred to by subsequent Monetary Revaluation Laws, it is hereby clarified that no monetary revaluation has ever been carried out for the tangible assets still existing in the assets.

It is noted that it was not necessary to make write-downs pursuant to Article 2426, Paragraph 1, No. 3 of the Civil Code because, as required by Accounting Principle OIC 9, no indicators of potential impairment of tangible fixed assets were found.

FINANCIAL FIXED ASSETS

All participations recorded in the financial statements have been valued using the cost method, where the cost means the charge incurred for the purchase, regardless of the method of payment, including any ancillary charges (commissions and bank charges, stamp duty, bank brokerage, etc.).

INVENTORIES

Inventories of goods are stated at the lower of purchase cost and realisable value based on market trends. The value of the same is shown net of the relevant provision for depreciation.

The purchase cost includes any directly attributable ancillary charges.

FINISHED PRODUCTS

The cost of inventories of finished goods and goods of a fungible nature was calculated using the last cost method.

The value thus determined was duly compared, as explicitly required by Article 2426 No. 9 of the Civil Code, with the realisable value inferable from market trends. The comparison between purchase/production cost calculated using the point cost method and realisable value inferable from the market did not reveal, for any of the goods in stock, the prerequisites for valuation based on the lower market value.

Advances to suppliers for the purchase of goods included in inventories recorded under item C.1.5 are initially recognised when the obligation to pay these amounts arises or, in the absence of such an obligation, when they are paid.

RECEIVABLES RECORDED AS CURRENT ASSETS

Receivables included in current assets were recognised in the financial statements according to the amortised cost criterion, as defined in Article 2426, Section 2 of the Civil Code, taking into account the time factor and estimated realisable value, in accordance with Article 2426, Section 1, No. 8 of the Civil Code.

For receivables for which the application of the amortised cost method and/or discounting has been determined to be irrelevant, for the purpose of giving a true and fair view of the company's balance sheet and economic situation, recognition has been maintained at their presumed realisable value. This is the case, for example, in the presence of receivables with a maturity of fewer than twelve months or, with reference to the amortised cost criterion, in the case where transaction costs, commissions and any other difference between initial value and value at maturity are of little significance or, again, in the case of discounting, in the presence of an interest rate inferable from the contractual conditions that are not significantly different from the market interest rate.

LIQUID ASSETS

Liquid assets are valued at nominal value.

ACCRUED INCOME AND PREPAID EXPENSES

Accruals have been calculated on an accrual basis by allocating revenues and/or costs common to several years.

The existence or permanence of the temporal condition was verified in the recognition as well as in the re-examination of prepayments of multi-year duration.

NET WORTH

The items are shown in the balance sheet at their book value in accordance with the guidelines in accounting standard OIC 28.

SEVERANCE PAY

The TFR (severance) was calculated in accordance with the provisions of Article 2120 of the Civil Code, taking into account the legislative provisions and the specificities of the contracts and professional categories, and includes the annual amounts accrued and the revaluations made on the basis of ISTAT coefficients.

The amount of the provision is recognised net of advances paid, and portions utilised for terminations of employment during the year and represents the certain liability to employees at the balance sheet date.

DEBTS

Payables have been recognised in the financial statements according to the amortised cost method, as defined in Article 2426 c.2 of the Italian Civil Code, taking into account the time factor, in compliance with Article 2426, paragraph 1, no. 8 of the Italian Civil Code. For payables for which the application of the amortised cost method and/or discounting has been verified to be irrelevant, for the purpose of giving a true and fair view of the company's balance sheet and economic situation, the nominal value has been maintained. This is the case, for example, in the presence of debts with a maturity of less than twelve months or, with reference to the amortised cost criterion, in the case where transaction costs, commissions and any other difference between initial value and value at maturity are of little significance or, again, in the case of discounting, in the presence of an interest rate inferable from the contractual conditions that is not significantly different from the market interest rate.

ACCRUALS AND DEFERRED INCOME

Accruals and deferred income have been calculated on an accrual basis by allocating costs and/or revenues common to several years.

In the recording, as well as in the review of deferred income over several years, the existence or permanence of the time condition was verified.

OTHER INFORMATION

OPERATIONS WITH REVERSE REPURCHASE AGREEMENTS

Pursuant to Article 2427 No. 6-ter, the Company certifies that during the year, it did not enter into any transactions subject to the obligation of retrocession.

NOTES TO THE ACCOUNTS, ASSETS

The movements of the individual items in the consolidated financial statements are analysed in detail below.

FIXED ASSETS

INTANGIBLE FIXED ASSETS

These are stated at historical acquisition cost and show net depreciation charged directly to the individual items over the years. Depreciation is systematic due to the multi-year usefulness of the related costs. Goodwill and expansion costs with long-term utility have been capitalised with the approval of the Board of Statutory Auditors and are amortised over a period of five financial years. Goodwill, if acquired for consideration, is capitalised within the limits of the cost incurred for it and is amortised over a period of five years.

Pursuant to Article 11 of Law No. 342/2000 and Article 3 of Law No. 448/2001 and subsequent amendments and additions, it is noted that there are no intangible assets on which the revaluation referred to in the same laws has been carried out, nor have any reductions in value of any kind been made.

MOVEMENTS OF INTANGIBLE FIXED ASSETS

Introduction

After the amortisation of the interim period, amounting to EUR 1,073,457, intangible assets amounted to EUR 7,496,454.

The table shows the changes in these fixed assets.

	Goodwill and expansion costs	Industrial Patent and Intellectual Property Rights	Concessions, licences, trademarks and similar rights	Goodwill	Intangible assets under construction and advances	Other intangible fixed assets	Total intangible fixed assets
Value at the start of the year							
Cost	1,727	864,236	79,724	33,320	551,763	4,781,565	6,312,335
Balance sheet value	1,727	864,236	79,724	33,320	551,763	4,781,565	6,312,335
Changes during the year							
Increases for acquisitions		1,500,000	9,805		114,336	700,449	2,324,590
Reclassifications (of book value)		27,900	3,640		(525,466)	426,911	(67,015)
Other variations							0
Decreases due to disposals and divestments (of book value)							0
Depreciation for the year	274	517,868	8,773	1,851		544,690	1,073,457
Total variations	(274)	1,010,032	4,672	(1,851)	(411,130)	582,670	1,184,119
Year-end value							
Cost	1,727	2,392,136	93,169	33,320	140,633	5,908,925	8,569,910
Depreciation (Sinking Fund)	(274)	(517,868)	(8,773)	(1,851)	0	(544,690)	(1,073,456)
Balance sheet value	1,453	1,874,268	84,396	31,469	140,633	5,364,235	7,496,454

TANGIBLE FIXED ASSETS

MOVEMENTS OF TANGIBLE FIXED ASSETS

Introduction

Tangible assets net of accumulated depreciation amounted to EUR 3,282,206. Depreciation for the interim period amounted to EUR 402,429. The table below shows the changes in these fixed assets.

	Land and buildings	Plant and machinery	Industrial and commercial equipment	Other tangible fixed assets	Total Tangible Fixed Assets
Value at the start of the year					
Cost	50,000	2,817,511	226,997	1,439,729	4,534,237
Depreciation (Sinking Fund)	(5,250)	(604,062)	(35,920)	(575,200)	(1,220,432)
Balance sheet value	44,750	2,213,449	191,077	864,529	3,313,805
Changes during the year			-	-	
Increases for acquisitions		270,335	10,236	83,183	363,754
Reclassifications (of book value)		6,232		844	7,076
Depreciation for the year	744	275,918	14,222	111,545	402,429
Total variations	(744)	649	(3,986)	(27,518)	(31,599)
Year-end value					
Cost	50,000	3,094,078	237,234	1,523,756	4,905,068
Depreciation (Sinking Fund)	(5,994)	(879,980)	(50,142)	(686,745)	(1,622,861)
Balance sheet value	44,006	2,214,098	187,092	837,010	3,282,206

LEASING TRANSACTIONS

Introduction

Finance leases are presented in the interim financial statements according to the balance sheet method, with rentals paid being recognised in the income statement on an accrual basis. Supplementary information required by law concerning the presentation of finance leases according to the financial method provided below.

As of the 30th of June 2023, the Company had eight finance lease agreements in place: two relating to furniture at the Tuscolana and Castani outlets, one relating to specific warehouse equipment, three relating to printers in use at the headquarters and outlets, and two relating to electronic machines. In accordance with the indications of the OIC 12 document, the contracts are represented in the financial statements according to the equity method; therefore, the value of the assets is not recognised as fixed assets, and the rentals are recognised in the income statement on an accrual basis.

	Amount
Total amount of leased assets at the end of the interim period	468,404
Depreciation and amortisation that would have been chargeable to the interim period	66,780
Present value of unpaid instalments at the end of the interim period	184,647
Financial expenses for the interim period based on the effective interest rate	10,663

As required by Article 2427, No. 22 of the Civil Code, we provide a series of supplementary schedules useful for comparing the effects on the balance sheet and income statement resulting from the application of the so-called financial method.

Good category	Contract	Effective date	Duration	VA	Interests	Effective rate
Furniture	1481093	27/12/19	60	17,378	305	4.67%
Furniture	1481092	27/12/19	60	7,723	129	4.44%
Warehouse facilities	1156177	14/07/20	60	36,766	979	9.76%
Printers	4817503	01/01/21	60	33,929	819	11.66%
Office Machines	150200-2	15/11/20	36	1,425	309	10.82%
Office Machines	150200-1	01/12/20	36	2,111	0	0.00%
Printers	5093570	10/11/21	60	32,353	1.733	33.91%
Printers	10442501	01/08/22	60	52,961	1.060	32.69%

In the table below, we have presented the figures for ongoing leases, valuing them as if they were fixed assets.

Good category	Contract	Depreciation rate	Cost	Sinking fund 31/12/2022	Am. to 2023	Accounting value
Furniture	1481093	12.00%	72,000	21,600	4,320	46,080
Furniture	1481092	12.00%	32,000	9,600	1,920	20,480
Warehouse facilities	1156177	7.50%	140,000	15,750	5,250	119,000
Printers	4817503	20.00%	72,369	14,474	7,237	50,658
Office Machines	150200-2	20.00%	17,100	5,130	1,710	10,260
Office Machines	150200-1	20.00%	19,000	5,510	1,900	11,590
Printers	5093570	20.00%	51,084	2,554	5,108	43,422
Printers	10442501	20.00%	64,851	0	6,485	58,366

COMPARISON FINANCIAL METHOD - EQUITY METHOD

In accordance with the indications provided by the OIC 12 document, the following table provides information on the effects that would have been produced on Shareholders' Equity and the Profit and Loss Account by recognising finance leases using the financial method as opposed to the so-called equity method of charging the rentals paid to the Profit and Loss Account.

Accrual fees	**43,529**
Depreciation	(33,930)
Interests	(5,332)
Higher pre-tax profit	**4,267**
Higher tax	1,230
Higher operating profit	**3,037**

Major Fixed Assets	**468,404**
Higher depreciation funds	(108,548)
More Activities	**359,855**
Higher debts	184,647
Higher operating profit	3,037
Major Liabilities	**187,684**

FINANCIAL FIXED ASSETS

Movements in participations, other securities and derivative financial instruments assets

The following table shows the changes in these fixed assets.

	Holdings in associated companies	Holdings in other companies	Total Participations	Long-term receivables	Other titles	Active financial derivative instruments
Value at the start of the year						
Balance sheet value	2,750,000	707,670	3,457,670	360,000	100,800	656,542
Changes during the year						
Increases for acquisitions	-	-	-	60.000	28.800	-
Decreases for alienations	-	-	-	-	-	-
Write-downs during the year	-	-	-	-	-	-
Other variations	-	-	-	-	-	(67,414)
Total changes	-	-	-	60,000	28,800	-
Year-end value						
Cost	2,750,000	707,670	3,457,670	360,000	100,800	656,542
Increases	-	-	-	60,000	28,800	-
Decreases	-	-	-	-	-	67,414
Balance sheet value	2,750,000	707,670	3,457,670	420,000	129,600	589,128

CHANGES AND MATURITY OF LONG-TERM RECEIVABLES

	Year-end value	Portion due after one year
Long-term receivables from subsidiaries	420,000	420,000
Total long-term receivables	420,000	420,000

The item includes receivables from the associate PB online S.r.l.

DETAILS ON LONG-TERM INVESTMENTS IN RELATED COMPANIES

Details of the related companies are given below.

Name	City, if in Italy, or foreign country	Tax code (for Italian companies)	Capital in EUR	Profit (Loss) for the last financial year in EUR	Net assets in EUR	Share held in EUR	Share held in %	Book value or corresponding credit
WEB MAGAZINE MAKERS SRL	MILAN	10883660960	10,000	(380,475)	(1,524,163)	2,450	24.50%	100,000
PB ONLINE SRL	MILAN	12429590966	5,300,000	(858,834)	4,441,166	2,650,000	50.00%	2,650,000
Total								2,750,000

DETAILS ON LONG-TERM EQUITY INVESTMENTS IN OTHER COMPANIES

Details of the other investee companies are given below.

Name	City, if in Italy, or Foreign State	Capital in EUR	Share held in EUR	Share held in %	Book value
SAE GROUP SPA	LIVORNO	3,189,475	507,614	15.92%	507,614
CLUBDEAL SPA	MILAN	992,974	200,056	1.09%	200,056
Total					707,670

The table provides a breakdown of equity investments in other companies.

LONG-TERM RECEIVABLES RELATED TO REPURCHASE AGREEMENTS

It is certified that there are no long-term receivables relating to transactions with the obligation to retrocession forward.

CURRENT ASSETS

Inventories

The following table provides information on changes in inventories.

	Value at the start of the year	Change during the financial year	Year-end value
Finished products and goods	56,262,254	(2,181,886)	54,080,368
Total inventories	56,262,254	(2,181,886)	54,080,368

The value shown in the table includes the value of inventories net of the related provision for write-down. In particular, a provision of EUR 1,175,916 was set aside during the interim period, bringing the total value of the provision to EUR 3,760,128. Inventories of finished goods and merchandise related to Portobello S.p.A. amounted to EUR 53,989,960 net of the related provision; the remaining amount of EUR 90,408 pertains to the subsidiary PB Retail S.r.l..

RECEIVABLES RECORDED AS CURRENT ASSETS

Changes and maturity of receivables in current assets

The following table provides information on changes in receivables recognised as current assets as well as, where significant, information on their maturity dates.

	Value at the start of the year	Change during the financial year	Year-end value	Portion due within the financial year	Portion due after one year
Trade receivables recorded as current assets	5,943,856	1,399,052	7,342,908	7,342,908	-
Receivables from associated companies	459543	180,368	639,911	639,911	-
Tax receivables recorded as current assets	3,266,411	(2,063,672)	1,202,739	1,202,739	-
Deferred tax assets recognised as current assets	12,295	0	12,295	12,295	-
Receivables from others recorded as current assets	874,813	(45,575)	829,238	97,843	731,395
Total receivables recorded as current assets	10,556,918	(529,827)	10,027,091	9,295,696	731,395

BREAKDOWN OF RECEIVABLES RECORDED IN CURRENT ASSETS BY GEOGRAPHICAL AREA

The following table provides a breakdown of receivables by geographical area.

Geographic area	ITALY	EU	EXTRA-EU	Total
Trade receivables recorded as current assets	4,323,702	959,206	2,060,000	7,342,908
Receivables from associated companies	639,911	-	-	639,911
Tax receivables recorded as current assets	1,202,739	-	-	1,202,739
Deferred tax assets recognised as current assets	12,295	-	-	12,295
Receivables from others recorded as current assets	829,238	-	-	829,238
Total receivables recorded as current assets	7,007,885	959,206	2,060,000	10,027,091

CURRENT ASSET RECEIVABLES RELATED TO REVERSE REPURCHASE AGREEMENTS

It is hereby certified that there are no receivables in respect of forward transactions.

LIQUID ASSETS

The following table provides information on changes in cash and cash equivalents.

	Value at the start of the year	Change during the financial year	Year-end value
Bank and postal deposits	2,694,925	1,693,500	4,388,425
Cash and other valuables on hand	149,206	(57,490)	91,716
Total cash and cash equivalents	2,844,131	1,636,010	4,480,141

ACCRUED INCOME AND PREPAID EXPENSES

The following table provides information on changes in accrued income and prepaid expenses.

	Value at the start of the year	Change during the financial year	Year-end value
Prepaid expenses	30,164,264	16,072,301	46,236,565
Total accrued income and prepaid expenses	30,164,264	16,072,301	46,236,565

It should be noted that among the amounts of prepaid expenses, the most significant item refers to advertising prepaid expenses in the amount of EUR 43,622,969.

CAPITALISED FINANCIAL CHARGES

All interest and other financial charges were fully expensed during the year. For the purposes of Article 2427, Section 1, No. 8 of the Civil Code, it is therefore certified that there are no capitalised financial expenses.

Notes to the accounts, liabilities and shareholders' equity

The movements of the individual balance sheet items are analysed in detail below, based on the applicable legislation.

NET WORTH

Changes in equity items

With reference to the year under review, the following tables show the changes in the individual items of shareholders' equity, as well as details of other reserves, if any.

		Other variations			
	Value at the start of the year	Increases	Decreases	Result for the year	Year-end value
Capital	674,450				674,450
Share premium reserve	12,767,452				12,767,452
Legal reserve	123,898	10,992			134,890
Other reserves					
Extraordinary reserve	21,693,845	13,138,776			34,832,621
Consolidation reserve			2,798,447		(2,798,447)
Capital increase reserve Stock grant	18,000				18,000
Various other reserves	(1)				(1)
Total other reserves	21,711,844	9,077,651	150,427		32,052,173
Reserve for expected cash flow hedging transactions	158,787	33,548			192,335
Negative reserve for treasury shares in portfolio	(169,058)	(4,650)			(173,708)
Profit (loss) carried forward			(3702)		(3,702)
Profit (loss) for the year	10,347,617		10,347,617	(10,576,00)	(10,576,001)
Total group equity	45,614,990	13,178,666	13,149,766	(10,576,00)	35,067,890

Reconciliation of Portobello S.p.A.'s Shareholders' Equity and Result for the Year with the Shareholders' Equity and Result in the Consolidated Financial Statements.

	Net assets	Result for the year
As per parent company financial statements	**39.217.284**	**-9.228.757**
Reversal of book value of participations	(51,000)	-
Goodwill	31,469	(1,851)
Consolidation Difference	(2,798,447)	-
Other Consolidation Entries	(5,299,322)	(2,638,025)
Total consolidation entries	**(8,117,300)**	**(2,639,876)**
Leased Assets - IAS 17	-	-
Total pre-consolidation adjustments	**-**	**-**
Consolidated Shareholders' Equity and Net Profit	**31.099.984**	**-11.868.633**
of which		
Shareholders' Equity and Profit/(Loss) attributable to minority interests	**(3,967,908)**	**(1,292,632)**
Shareholders' equity and net profit attributable to the Group	**35,067,891**	**(10,576,001)**

CHANGES IN THE CASH FLOW HEDGE RESERVE

The table below shows the changes in the reserve for hedging transactions:

	Reserve for expected cash flow hedging transactions
Value at the start of the year	158,787
Changes during the year	
Increase due to change in fair value	100,962
Decrease due to change in fair value	(67,414)
Year-end value	192,335

SEVERANCE PAY

The following table provides information on changes in the provision for employee severance indemnities.

	Severance pay
Value at the start of the year	752,052
Changes during the year	
Provision in the financial year	229,681
Use in the financial year	100,497
Total changes	129,184
Year-end value	881,236

DEBTS

Changes and maturity of debts

The following table sets out information on changes in payables and any information on their maturity.

	Value at the start of the year	Change during the financial year	Year-end value	Portion due within the financial year	Portion due after one year
Payables to shareholders	695,745	6,707	702,452	-	702,452
Payables to banks	44,773,656	3,997,564	48,771,220	19,229,555	29,541,665
Payables to other lenders	761,315	(246,656)	514,659	514,659	-
Payables to suppliers	7,756,744	4,564,735	12,321,479	12,321,479	-
Payables to related companies	9,000	(136)	8,864	8,864	-
Tax debts	10,979,808	12,607,622	23,587,430	23,587,430	-
Payables to social security institutions	1,559,542	39,404	1,598,946	1,598,946	-
Other debts	1,539,594	392,883	1,932,477	1,923,870	8,607
Total debts	68,075,404	21,362,123	89,437,527	59,184,803	30,252,724

BREAKDOWN OF DEBTS BY GEOGRAPHIC AREA

The following table provides a breakdown of payables by geographical area.

Geographical area	ITALY	EU	EXTRA-EU	Total
Payables to shareholders	702,452	-	-	702,452
Payables to banks	48,771,220	-	-	48,771,220
Payables to other lenders	514,659	-	-	514,659
Payables to suppliers	10,801,561	1,500,150	19,768	12,321,479
Payables to associated companies	8,864	-	-	8,864
Tax debts	23,587,430	-	-	23,587,430
Payables to social security institutions	1,598,946	-	-	1,598,946
Other debts	1,932,477	-	-	1,932,477
Total debts	87,917,609	1,500,150	19,768	89,437,527

DEBTS SECURED BY COLLATERAL ON CORPORATE ASSETS

Pursuant to Article 2427, Section 1, No. 6 of the Civil Code, it is certified that there are no corporate debts secured by collateral.

PAYABLES RELATING TO REPURCHASE AGREEMENTS

It is hereby certified that there are no debts relating to forward transactions.

FINANCING BY SHAREHOLDERS OF THE COMPANY

The company received a loan from third-party shareholders in the amount of EUR 680,000.

ACCRUALS AND DEFERRED INCOME

The following table provides information on changes in accrued expenses and deferred income.

	Value at the start of the year	Change during the financial year	Year-end value
Accrued expenses	105,712	(46,277)	59,435
Deferred income	1,512,132	6,283,229	7,795,361
Total accrued expenses and deferred income	1,617,844	6,236,951	7,854,795

It should be noted that among the amounts of deferred income, the most significant item is advertising deferred income in the amount of EUR 7,588,573.

Notes to the consolidated income statement

The consolidated income statement shows the economic result for the interim period. It provides a representation of management operations by summarising the positive and negative income components that have contributed to determining the economic result. The positive and negative components of income, recorded in the financial statements in accordance with Article 2425-bis of the Civil Code, are distinguished according to whether they belong to the various operations: characteristic, accessory and financial.
Core business identifies the components of income generated by transactions that occur on an ongoing basis and in the sector relevant to the performance of operations, which identify and qualify the special and distinctive part of the economic activity performed by the company.
Financial activities consist of transactions that generate income and expenses of a financial nature. On a residual basis, ancillary activities consist of transactions that generate income components that are part of ordinary activities but do not fall within the scope of characteristic and financial activities.

VALUE OF PRODUCTION

Revenues are recorded in the financial statements on an accrual basis, net of returns, rebates, discounts and rewards, as well as taxes directly related thereto.
With regard to the transfer of assets, the related revenues are recognised when the substantial and non-formal transfer of title has occurred, taking the transfer of risks and rewards as the benchmark for the substantial transfer.
Revenues from the rendering of services are recognised when the service is rendered, i.e. when the service has been performed; in the particular case of continuous services, the related revenues are recognised for the accrued portion.

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY CATEGORY OF ACTIVITY

The following table shows the breakdown of revenue from sales and services by category of activity.

Activity category	Current year value
Media	27,952,548
Retail (B2C)	13,155,320
B2B	23,714,222
Other income	174,698
Total value of production	**64,996,788**

BREAKDOWN OF REVENUES FROM SALES AND SERVICES BY GEOGRAPHICAL AREA

The breakdown of sales by geographic area is not relevant and is therefore omitted.

PRODUCTION COSTS

Costs and charges are allocated on an accrual basis and according to their nature, net of returns, allowances, discounts and rewards, in compliance with the principle of correlation with revenues, and recorded in the respective items according to the provisions of accounting standard OIC 12. In the case of purchases of goods, the related costs are recognised when the substantial and non-formal transfer of title has occurred, taking the transfer of risks and benefits as the reference parameter for the substantial transfer. In the case of the purchase of services, the related costs are recognised when the service has been received, or when the service has been completed, while, in the case of continuous services, the related costs are recognised for the portion accrued.

FINANCIAL INCOME AND EXPENSES

Breakdown of participation income

There is no income from participation as defined in Article 2425, No. 15 of the Civil Code.

BREAKDOWN OF INTEREST AND OTHER FINANCIAL EXPENSES BY TYPE OF DEBT

The following table shows the amount recognised in the income statement for the current year.

	Interest and other financial charges
Towards banks	609,873
More	104,897
Total	714,770

VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES

No write-downs of participations were made during the interim year.

CURRENT, DEFERRED AND PREPAID INCOME TAXES

The company allocated taxes for the interim period on the basis of the application of current tax regulations. Current taxes refer to taxes pertaining to the financial year; taxes relating to previous years include direct taxes for previous years, including interest and penalties, and also refer to the positive (or negative) difference between the amount due following the settlement of a dispute or an assessment and the value of the provision set aside in previous years. Finally, deferred tax liabilities and deferred tax assets relate to positive or negative income components, respectively, subject to taxation or deduction in different years from those in which they are recognised in the statutory accounts.

Current taxes totalling EUR 1,666,041 were set aside in the financial statements as follows:

1. EUR 1,394,653 for IRES tax for the interim period
2. EUR 271,388 for IRAP taxes for the interim period

In addition to the aforementioned amounts relating to current taxes, a further 2,007,442 were recorded in relation to penalties for direct taxes arising from the adhesion agreement signed with the Inland Revenue Agency on the 28th of August 2023 and concerning the out-of-court settlement of disputes formulated for the tax periods from 2017 to 2020.

There were no temporary changes that led to the need to recognise deferred tax assets and liabilities.

Notes to the accounts, cash flow statement

The Company has prepared the cash flow statement, which represents the summary document that links the changes that occurred during the year in the company's assets with the changes in the financial situation; it highlights the values relative to the financial resources that the company needed during the year as well as the relative uses.

With regard to the method used, it should be noted that, in accordance with the provisions of OIC 10, the company has adopted the indirect method whereby the cash flow is reconstructed by adjusting the result for the year for non-monetary components.

Notes to the accounts, other information

The other information required by the Civil Code is set out below.

EMPLOYMENT DATA

The following table shows the average number of employees, broken down by category and calculated on a daily average basis.

	Average number
Managers	11
Employees	323
Workers	30
Total Employees	364

REMUNERATION, ADVANCES AND CREDITS GRANTED TO DIRECTORS AND AUDITORS AND COMMITMENTS UNDERTAKEN ON THEIR BEHALF

The following table sets out the information required by Article 2427 No. 16 of the Italian Civil Code, specifying that there are no advances or receivables and no commitments have been undertaken on behalf of the administrative body as a result of guarantees of any kind given.

	Directors	Statutory Auditors
Fees	92,500	18,750

FEES TO THE STATUTORY AUDITOR OR AUDITING FIRM

The following table shows the fees due to the auditing firm, broken down by types of services rendered.

	Value
Statutory audit of annual accounts	7,500
Other verification services performed	2,000

CATEGORIES OF SHARES ISSUED BY THE COMPANY

The following table shows the number of shares in the company, as well as any movements during the year.

Description	Initial consistency, number	Initial stock, nominal value	Shares subscribed during the year, number	Shares subscribed during the year, nominal value	Final consistency, number	Final stock, nominal value
SHARES	3,511,702	674,450	-	-	3,511,702	674,450
Total	3,511,702	674,450	-	-	3,511,702	674,450

SECURITIES ISSUED BY THE COMPANY

The company has not issued any security or similar value falling under the provision of Article 2427 No. 18 of the Civil Code.

DETAILS ON OTHER FINANCIAL INSTRUMENTS ISSUED BY THE COMPANY

The company has not issued any other financial instruments within the meaning of Article 2346(6) of the Civil Code.

COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT SHOWN IN THE BALANCE SHEET

The following list provides the information required by Article 2427 No. 9 of the Civil Code:

For Portobello SpA

- Suretyship guarantees the lease contract of the shop located in Via dei castani in Rome, in favour of S.A.M.A.V. s.r.l. for an amount of EUR 72,000 and expiring on the 31st of March 2025.
- Suretyship given to guarantee the lease of the shop located in Viale Libia in Rome, in favour of Romoli Venturi Ennio, Romoli Venturi Sonia and Romoli Venturi Andrea, for EUR 60,000 and expiring on the 30th of June 2020, renewable until the 30th of June 2025.
- Suretyship given to guarantee the lease of the shop located in Via Tuscolana in Rome, in favour of Colasanti Serenella, for EUR 18,000 and expiring on the 31st of July 2020, renewable until the 31st of July 2031.
- Suretyship given to guarantee the lease of the shop located in Via Tuscolana in Rome, in favour of Colasanti Marco, for EUR 36,000 and expiring on the 31st of July 2020, renewable until the 31st of July.
- Suretyship given to guarantee the lease agreement of the building located in Piazzale della Stazione in Santa Palomba - Pomezia, in favour of Angelini Immobiliare S.p.A. for EUR 53,000 and expiring on the 31st of July 2023, renewable from year to year unless terminated by the bank or the lessor.
- Suretyship given to guarantee the lease of the shop located in Corso Genova in Milan, in favour of Gecfin s.r.l. for EUR 146,250 and expiring on the 31st of July 2026.
- Suretyship given to guarantee the lease of the shop located in Corso Buenos Aires in Milan, in favour of Estate s.r.l. for EUR 400,000 and expiring on the 31of August 2021, renewable until the 31st of August 2032.
- Suretyship granted to guarantee the lease of the shop located in Viale dei Colli Portuensi in Rome, in favour of Marrucco Cristiana for EUR 27,000 and expiring on the 31st of December 2023, renewed year by year until the 30th of December 2025, unless revoked by the Bank and the lessor.
- Suretyship given to guarantee the lease of the shop located in Corso Genova in Milan, in favour of Gecfin s.r.l. for EUR 146,250 and expiring on the 31st of July 2026.
- Suretyship given to guarantee the lease contract of the shop located at Via Speronari 8, corner of Via Torino in Milan, in favour of Via Speronari 8 S.r.l for EUR 800,000.00 expiring on the 30th of

June 2022, renewable until the 30th of June 2033.
- Suretyship given to guarantee the lease of the shop located at Via delle Baleari n.n. 302-304-306-308-310-312-314- 316-318, on the corner of Via della Gondole n.n. 20-22-24, in Rome, Ostia Lido, in favour of L'Attico s.r.l for EUR 27,000.00 expiring on the 31st of December 2022, tacitly renewed year by year until the 31st of December 2033, unless revoked by the Bank and the lessor.

For the subsidiary PB Retail S.r.l.

- Suretyship guarantees the business branch lease contract of the shop located at the Grotte Center Shopping Centre in Via Farfisa snc/Via Campo dell'Aviazione n.17 in Camerano, in favour of Olinda Centers S.r.l for EUR 62,302.30 and expiring on the 19th of September 2022, renewable tacitly from year to year unless revoked by the bank.
- Suretyship bond pledged as a guarantee of the business unit lease contract of the shop located at Centro Commerciale Roma Est in Via Collatina km 12,800 in Rome, in favour of Gemma S.r.l., for EUR 203,333.33 and expiring on the 31st of December 2028. Surety bond given to guarantee the punctual and proper performance of the obligations arising towards the Consorzio degli Operatori del Centro Commerciale RomaEst, as set forth in the business unit lease agreement with the company Gemma S.r.l. of the shop located at Centro Commerciale Roma Est in Via Collatina km 12,800 in Rome, for EUR 22,875.00 and expiring on the 31st of December 2028.
- Suretyship given to guarantee the business branch lease contract of the shop located at the Porte di Torino Shopping Centre at 460 Corso Romanina in Turin, in favour of Granato S.p.a. for EUR 90,000.00 and expiring on the 21st of September 2028.
- Suretyship given to guarantee the business branch lease contract of the shop located at the Porte di Catania Shopping Centre in Via Gelso Bianco in Catania, in favour of Granato S.p.A. for EUR 72,500.00 and expiring on the 9th of September 2028.
- Surety bond provided to guarantee the business branch lease contract of the shop at the Fano Center Shopping Centre located at Via Einaudi no. 30 in Fano, in favour of Ceetrus Italy S.p.a., for EUR 85,000.00 and expiring on the 31st of October 2028.
- Surety bond provided to guarantee the business branch lease contract of the shop located at the Punta di Ferro Shopping Centre in Piazzale della Cooperazione no. 2 and 3 in Forlì, in favour of IGD SIIQ S.p.A. for an amount of EUR 75,000.00 and expiring on the 1st of June 2032.
- Surety bond pledged as a guarantee for the business branch lease contract of the shop located at the La Romanina shopping centre in Via Enrico Ferri no. 8, Rome, in favour of Klecar Italia S.p.a. for EUR 81,670.00 and expiring on the 15th of September 2028.
- Suretyship provided as security for the business unit lease agreement with IGD SIIQ S.p.a. of the shop located at Centro Borgo Shopping Centre at 186 Via Marco Emilio Lepido in Bologna, in favour of IGD SIIQ S.p.a, for EUR 90,000.00 and expiring on the 30th of June 2032. Surety bond pledged as security for the obligations assumed in connection with the membership of Consorzio CentroBorgo as set forth in the business unit lease agreement with IGD SIIQ S.p.a of the shop located at Centro Borgo Shopping Centre at 186 Via Marco Emilio Lepido, Bologna, of EUR 90,000 and expiring on the 30th of June 2032.
- Suretyship given to guarantee the business branch lease contract of the shop located at the Adriatic 2 Shopping Centre, in favour of L.S.G.I ITALIA 6 SPA for EUR 65,000.00 and expiring on the 17th of April 2032.
- Surety bond provided as a guarantee for the lease of the business unit of the shop located at Centro Commerciale I Malatesta at Via Emilia no. 150 in Rimini, in favour of COOP ALLEANZA 3.0 SOCIETA COOPERATIVA, for EUR 50,000.00 and valid until 31/10/2023, tacitly renewed year by year until the 31st of October 2025. Surety bond provided as a guarantee of the obligations undertaken in connection with the membership of Consorzio I Malatesta as per the business branch lease agreement with the company COOP ALLEANZA 3.0 SOCIETA COOPERATIVA of the shop located in the I Malatesta Shopping Centre in Via Emilia no. 150 in Rimini, for EUR 52,338.00 and expiring on the 31st of December 2029, after 6 months from the expiry date, and therefore on the 30th of June 2030 without any request for its effectiveness, the same shall become null and void regardless of its restitution.
- Surety bond pledged as security for the lease of the business unit of the shop located at the Porto Grande Shopping Centre at 144 Via Pasubio in San Benedetto del Tronto, in favour of IGD SIIQ S.P.A, for EUR 80,000.00 and valid until the 31st of July 2023, tacitly renewed year by year until the

30th of November 2031. Surety bond provided as security for the obligations assumed by joining the Consorzio del Centro PORTOGRANDE as set forth in the business branch lease agreement with the company IGD SIIQ S.P.A of the shop located at Centro Commerciale Porto Grande in via Pasubio, 144, San Benedetto Del Tronto, for EUR 29,892.00 and expiring on the 31st of July 2023, after which date it shall be deemed tacitly renewed from year to year until the 30th of November 2031.

- Surety bond provided as security for the business unit lease of the shop located at Il Borgogioioso Shopping Centre in via dell'Industria, Carpi, in favour of COOP ALLEANZA 3.0 SOCIETA COOPERATIVA, for EUR 87,500.00 and valid until the 26th of December 2023, automatically renewed year by year until the 26th of March 2029. Surety bond provided to guarantee the payment of the lump sum contribution to the common charges as set forth in the business lease contract of the shop located at Centro Commerciale Il Borgogioioso in Via dell'Industria in Carpi, in favour of COOP ALLEANZA 3.0 SOCIETA COOPERATIVA, for EUR 27,930.00 and valid until the 26th of December 2022, after which date it shall be deemed to be tacitly renewed year by year until the 26th of March 2029.
- Surety bond provided to guarantee the obligations of the business branch lease contract of the shop located at the Etnapolis Shopping Centre, in c.da Valcorrente in Belpasso in favour of MONTENISIA SRL for EUR 67,500.00 and expiring on the 30th of September 2023, renewed year by year for the entire duration of the business branch lease contract.
- Surety bond pledged as security for the business unit lease of the shop located at Centro Commerciale ESP in Via Marco Bussato 46, Ravenna, in favour of IGD SIIQ S.P.A., for EUR 80,000.00 and expiring on 18/10/2023, after which date it will be tacitly renewed until the 31st of January 2032. Surety bond pledged as security for the obligations assumed in connection with the membership of Consorzio Centro Commerciale ESP, as provided for in the business unit lease agreement with the company IGD SIIQ S.P.A. of the shop located at Centro Commerciale ESP at Via Marco Bussato 46 in Ravenna, in favour of IGD SIIQ S.P.A., for EUR 55,552.00 and expiring on the 18th of October 2023, after which date the surety will be deemed tacitly renewed until the 31st of January 2032.
- Surety bond provided to guarantee the punctual and proper performance of the obligations of the branch of business lease contract of the shop located at the Curno Shopping Centre, Via Enrico Fermi, 1, Curno, in favour of ECP CURNO 2022 S.r.l. for EUR 135.000.00 and expiring on a yearly basis and shall be deemed to be tacitly renewed from year to year for the entire term of the business branch lease agreement and shall be valid and effective until the end of 6 (six) months following the expiry of the business branch lease agreement and therefore until the 16th of October 2031.
- Suretyship given to guarantee the fulfilment of the contractual obligations for the lease of the business unit of the shop located at the Centro Luna Shopping Centre, Via Variante Cisa no. 40, Sarzana, in favour of IGD SIIQ S.P.A. for an amount of EUR 109,500.00 and shall be valid for one year from the 24th of January 2033 and shall be tacitly renewable from year to year until and not beyond the final expiry date of the 30th of April 2033.
- Surety bond granted to guarantee the exact performance of the contractual obligations of the lease of the branch of business of the shop located at the Città Fiera-Dec Shopping Centre, in Antonio Bardelli 4, in Martignacco, frazione Torreano, in favour of DEC S.P.A. for an amount of EUR 97,600.00 and shall be valid until the 30th of November 2023 and shall be tacitly renewable from year to year until 6 (six) months after the expiry of the contract that is until the 30th of November 2029.

INFORMATION ON ASSETS AND FINANCING ALLOCATED TO A SPECIFIC BUSINESS

Assets earmarked for a specific business

It is hereby certified that, as of the closing date of the consolidated interim financial statements, there were no assets intended for a specific business purpose as defined in No. 20 of Article 2427 of the Civil Code.

Financing earmarked for a specific business

It is hereby certified that as of the closing date of the consolidated interim financial statements, there were no loans intended for a specific business purpose as defined in No. 21 of Article 2427 of the Civil Code.

INFORMATION ON RELATED PARTY TRANSACTIONS

During the year, there were transactions with related parties in relation to which, although they were concluded at market conditions, the information is provided in the tables below:

Company name	Trade Receivables	Trade Payables	Purchases	Sales
Expandi Srl	6,368	4,300	120,000	10,000
Hi Capital Advisors Ltd	-	7,000	-	-
Nova Spa	1,355	65,218	-	-
Portobello Consulting Srl	-	171,562	-	-
RS Production Srl	1,612,465	-	-	1,751,500
Wolt Spa	-	477	42,728	-
Web Magazine Maker Srl	512,029	9,000	513,400	43,000

Company name	Revenues as of 30/06/2023	% Revenues as of 30/06/2023
RS Production Srl	1,751,500	2.69%
Web Magazine Maker Srl	819,092	0.07%
Expandi Srl	10,000	0.02%

INFORMATION ON AGREEMENTS NOT REFLECTED IN THE BALANCE SHEET

No agreements were entered into during the year that were not reflected in the consolidated balance sheet.

INFORMATION ON SIGNIFICANT EVENTS OCCURRING AFTER THE END OF THE FINANCIAL YEAR

With reference to point 22-quater of Article 2427 of the Italian Civil Code, with regard to the reporting of the main events occurring after the end of the financial year that had a significant impact on the equity, financial and economic performance, please refer to the specific section contained in the Report on Operations.

INFORMATION ON DERIVATIVE FINANCIAL INSTRUMENTS PURSUANT TO ART. 2427-BIS OF THE CIVIL CODE

As of the 30th of June 2023, five different derivative contracts are active:

Contract activated in the year 2020 with Deutsche Bank (IRS).

Contract activated in the year 2021 with Monte dei Paschi di Siena (IRS).

Contract activated in the year 2022 with Monte dei Paschi di Siena (CAP).

Contract activated in the year 2022 with Deutsche Bank (IRS).

Contract activated in the year 2022 with Unicredit Bank (IRS)

These are all interest rate hedging contracts that allow the interest payments of the variable-rate loans to which they are linked to be transformed into fixed-rate cash flows.

Reference Institute	Hedging instrument	Structured Code	PV 30.06.2023
Deutsche Bank	IRS	L027542ML	(86,569)
Deutsche Bank	IRS	P730414ML	(236,847)
MPS	IRS	231315	303,338
MPS	CAP	241306	285,790
UNICREDIT	IRS	MMX31306532	(73,376,38)

Notes to the accounts, final part

Dear Shareholders, we confirm that these consolidated interim financial statements, consisting of the consolidated balance sheet, the consolidated profit and loss account and the notes to accounts, give a true and fair view of the company's financial position and results of operations for the interim period and correspond to the accounting records. We therefore invite you to approve the draft consolidated financial statements as of the 30th of June 2023, as prepared by the Board of Directors.

The balance sheet is true and real and corresponds to the accounting records

The Board of Directors

Pietro Peligra, President

Simone Prete, Vice President and Managing Director

Mirco Di Giuseppe, Director

Roberto Bacchi, Director

Ciro Esposito, Director